
Lloyd's Part VII Operational Framework

Market Design Document
Version 8.0



This Market Design Document is the final version; the Programme is now closed. This document reflects the activities conducted pre-Scheme Effective Date and the ongoing BAU activities.

Market Design Document v8.0

Summary of key changes

Version 8.0 of the Market Design Document details amendments and new content which has been developed since version 7.1 was issued on 06.04. The key areas of additional / updated content are outlined below – a detailed schedule of all changes in this version is shown [here](#)



Operations – Update to the Part VII MDC submission deadline – 2pm for both the submission window and corrections window; requirement to submit premium declaration data has been de-scoped; summary of changes to the detective control process, reflecting report distribution once per month, and de-scoping of credit control report and data consistency controls; additional process for the exceptional DC/DQ waive process; updates to the write-off process; updated RITC guidance, and updates to the actions required for non-DXC static claims



Disputes – Cover slide outlining the difference between the one-time fix processes and BAU processes; inclusion of process summaries and maps for each of the one-time fix processes; updates to previous process maps and workflows to reflect BAU processes; actions for Managing Agents with regard to MDC submissions; no requirement to raise premium disputes in BAU due to the materiality position agreed with Lloyd's and Lloyd's Europe; process map to reflect Lloyd's Europe's ongoing monitoring of one-time fix claims falling below the materiality threshold; worked examples of bureau messages generated due to Master List disputes can be found in the appendix



Finance – Revised cash reconciliation approach, outlining the differences between the original approach during Programme activity and the BAU approach



Data Model – The primary changes within version 9 of the detailed data model guidance relate to the descope of the premium declaration requirement – there is no longer a requirement for Managing Agents to provide premium declaration data within MDC; only claims declaration data must be submitted via the monthly declaration submission process; updated guidance on how to make loss fund corrections in MDC



Disputed signings appendix – guidance on different scenarios for potential disputed premium signings and claims transactions; no requirement to raise premium disputes in BAU due to the materiality position agreed with Lloyd's and Lloyd's Europe; updated since the last version, which was issued to the market on 7 April



Accounting treatment – Summary of the Loss Fund reconciliation exercise, which was conducted throughout June – September 2021

Changes to MDD from v7.1 to v8.0

Changes made to MDD (1/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Summary of key changes	Updated since MDD v7.1	Outlines key changes	Summary of changes between v7.1 and v8.0
Data Incidents (1/2)	New content for MDD v8.0	Summary of potential data incidents and actions that could be taken	Awareness of potential data incidents
Data Incidents (2/2)	New content for MDD v8.0	Actions to be taken by Lloyd's Europe and MAs to reduce risk and impact of data incidents	Awareness of potential data incidents
Stamping Endorsements	New content for MDD v8.0	Summary of when syndicate stamps should be used	Additional guidance for MAs
Updates to Part VII Declaration Level Data Requirements	Updated since MDD v7.1	Premium declaration submissions are no longer required	Descope of the Premium Declaration requirement
Overview of Data Submission files – Monthly Load	Updated since MDD v7.1	Premium declaration submissions are no longer required	Descope of the Premium Declaration requirement
MDC Submission – Waiving of business rules – exceptional scenarios	New content for MDD v8.0	Market communication on 22/07 related to the updated MDC waive process. Additional process has been added for the exceptional DC/DQ waive	Exceptional waive process has been implemented to help MAs with MDC data validations
MDC submission – Waiving of default values tolerance rules	New content for MDD v8.0	Market communication on 22/07 related to the updated MDC waive process. Additional process has been added for the exceptional DC/DQ waive	Exceptional waive process has been implemented to help MAs with MDC data validations
Monthly Part VII Extract Submission Timeline	New content for MDD v8.0	Detective controls will only be shared once per month with the market, after WD 17 Going forward the deadline(s) for all Part VII submissions (core submission window at WD10 and corrections window at WD17) will be at 2pm in line with all MDC returns.	Change within the Detective Control Process Aligning MDC submission with standard Market practice

Changes made to MDD (2/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
LIC Operational Controls – Controls performed on MA provided data within LIC Data Repository	Updated since MDD v7.1	Detective controls will only be shared once per month with the market, after WD 17 Credit control has been descoped in its current form.	Change within the Detective Control Process Revised lighter touch approach for Credit Control is under review
LIC Operational Controls – Detective Controls	Updated since MDD v7.1	Detective controls will only be shared once per month with the market, after WD 17 Revised scope – No data consistency controls anymore	Change within the Detective Control Process
LIC Operational Controls: Static Claims	Updated since MDD v7.1	Update of the actions required for Non-DXC static claims	Additional detail to make the required Market actions more clear
MDC submission – waiving of business rules – exceptional scenarios	New content for MDD v8.0	Step-by-step process for MAs to follow if raising a waive request for an exceptional scenario	Additional guidance for MAs regarding MDC submissions
MDC – acceptance of regulated FIL codes	Updated since MDD v7.1	Update to the Monthly Master Supplementary guidance for regulated FIL codes	Change in guidance; MAs are requested to submit all relevant transactions and supplementary info into MDC
Data Correction operational process	Updated since MDD v7.1	Detective controls will only be shared once per month with the market, after WD 17	Change within the Detective Control Process
Part VII MA Liaison - MA and LIC contacts	Updated since MDD v7.1	Key points of contact and how to change the key contacts if personnel changes within Managing Agents	Additional support information for BAU
Part VII queries – market – Lloyd's Insurance Company contact teams	Updated since MDD v7.1	Removal of MDC access issues contact	Additional details regarding escalation points of contact
Bureau Part VII Dispute and Correction Process – one-time fix and BAU disputes overview	New content for MDD v8.0	Distinction between the disputes one-time fix processes and the BAU disputes processes	Summary of what has already taken place vs. what may take place in BAU

Changes made to MDD (3/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Bureau Part VII Dispute and Correction Process – Premium disputes summary	New content for MDD v8.0	Summary of premium disputes – Master list transferring status disputes process and Premium triage disputes process	Summary of potential premium disputes and the route of remediation through the various one-time fix processes
Master List transferring status disputes process one-time fix - summary	New content for MDD v8.0	What this process applies to and how to raise a dispute	Process summary for one-time fix activity
Master List transferring status disputes process one-time fix – process overview	New content for MDD v8.0	Detailed process overview	Process summary for one-time fix activity
Master List transferring status disputes process one-time fix – 2019 business	New content for MDD v8.0	Overview of issues identified and solution for business on the Master List incepting between 1/1/2019 – 12/4/2019	Additional context regarding one aspect of one-time fix activity
Master List transferring status disputes process one-time fix – Bureau Processing	New content for MDD v8.0	Summary of bureau processing for the disputed OSNDs and associated CORs that go through this process	More data fields in the reporting section
Master List transferring status disputes process one-time fix - Reporting	New content for MDD v8.0	Split reporting section from the bureau processing section	More data fields in the reporting section
Master List transferring status disputes one-time fix process	New content for MDD v8.0	Process map	Process design for one-time fix activity
Master List transferring status disputes process – MDC Data Submission (1/5)	New content for MDD v8.0	Overview of different scenarios and actions across premiums and claims	Detailed overview of required MDC submissions
Master List transferring status disputes process – MDC Data Submission (2/5)	New content for MDD v8.0	MDC Scenario 1: Premium OSND – ‘Non-Transferring’ to ‘Transferring’	Worked example to support with submission

Changes made to MDD (4/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Master List transferring status disputes process – MDC Data Submission (3/5)	New content for MDD v8.0	MDC Scenario 2: Premium OSND – ‘Transferring’ to ‘Non-Transferring’	Worked example to support with submission
Master List transferring status disputes process – MDC Data Submission (4/5)	New content for MDD v8.0	MDC Scenario 3: Claims COR / OSND – ‘Non-Transferring’ to ‘Transferring’	Worked example to support with submission
Master List transferring status disputes process – MDC Data Submission (5/5)	New content for MDD v8.0	MDC Scenario 4: Claims COR / OSND – ‘Transferring’ to ‘Non-Transferring’	Worked example to support with submission
Triage outcome disputes process for new AP/RPs processed from 21.12.20 onwards – 2a) Broker / Coverholder / DCA triage	New content for MDD v8.0	Scope of the process; removal of activity for follow syndicates / brokers; addition of activity for Programme / Lloyd’s; and data submission requirements	Process design for one-time fix activity
Triage outcome disputes process for new AP/RPs processed from 21.12.20 onwards – 2a) Broker / Coverholder / DCA triage	New content for MDD v8.0	Process map	Process design for one-time fix activity
Triage outcome disputes process for new AP/RPs processed from 21.12.20 onwards – 2b) remediation of contra/corrections on pre 21.12.20 signings where there is a financial change between the 2 versions	New content for MDD v8.0	Process scope and overview, and explanation for de-scoping one-time true-up	Process design for one-time fix activity
Triage outcome disputes process for new OP/AP/RPs processed from 21.12.20 onwards – 2c) Bureau Triage	New content for MDD v8.0	Scope of the process; removal of activity for follow syndicates / brokers; addition of activity for Programme / Lloyd’s; and data submission requirements	Process design for one-time fix activity

Changes made to MDD (5/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Triage outcome disputes process for new OP/AP/RPs processed from 21.12.20 onwards – 2c) Bureau Triage	New content for MDD v8.0	Process map	Process design for one-time fix activity
Bureau Part VII Dispute and Corrections – Claims dispute summary	New content for MDD v8.0	Summary of claims disputes – Open COR list one-time fix; claims triage disputes; and Master List transferring status disputes	Summary of potential claims disputes and the route of remediation through the various one-time fix processes
Open COR list one-time fix approach – Background	New content for MDD v8.0	Background and issues identified with the open COR list	Context for one-time fix activity
Open COR list one-time fix approach – summary	New content for MDD v8.0	Requested action of Managing Agents for the one-time fix exercise	Process design for one-time fix activity
Open COR list one-time fix approach – file template	New content for MDD v8.0	File template issued to Managing Agents, for action and return to the Programme	Process design for one-time fix activity
Open COR list one-time fix approach – Programme and MDC activity	New content for MDD v8.0	Programme activity following Managing Agent file returns, and a summary of required MDC activity	Process design for one-time fix activity
Open COR list disputes process – MDC Data Submission (1/2)	New content for MDD v8.0	MDC Scenario: Claims COR 'Non-Transferring' to 'Transferring'	Worked example to support with submission
Open COR list disputes process – MDC Data Submission (2/2)	New content for MDD v8.0	MDC Scenario: Claims COR 'Transferring' to 'Non-Transferring'	Worked example to support with submission
Triage outcome disputes process for claims opened on or after 21.12.2020 – 2a) Broker / Coverholder / DCA triage	New content for MDD v8.0	Process scope, overview, and the relevant parties involved	Process design for one-time fix activity
Triage outcome disputes process for claims opened on or after 21.12.2020 – 2a) Broker / Coverholder / DCA triage	New content for MDD v8.0	Process map	Process design for one-time fix activity

Changes made to MDD (6/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Triage outcome disputes process for claims opened on or after 21.12.2020 – 2c) Bureau Triage	New content for MDD v8.0	Process scope, overview, and the relevant parties involved	Process design for one-time fix activity
Triage outcome disputes process for claims opened on or after 21.12.2020 – 2c) Bureau Triage	New content for MDD v8.0	Process map	Process design for one-time fix activity
Triage outcome disputes process – MDC Data Submission (1/2)	New content for MDD v8.0	MDC Scenario: Claims COR – ‘Non-Transferring’ to ‘Transferring’	Worked example to support with submission
Triage outcome disputes process – MDC Data Submission (2/2)	New content for MDD v8.0	MDC Scenario: Claims COR – ‘Transferring’ to ‘Non-Transferring’	Worked example to support with submission
Disputes Materiality	New content for MDD v8.0	Summary of the materiality position across one-time fix and BAU disputes	Summary of disputes that will be processed across one-time fix and eligible disputes for BAU
Open COR list and claims triage monitoring	New content for MDD v8.0	Process map	Process design for monitoring of CORs that will be monitored by Lloyd’s Europe as they fall below the €20k materiality threshold
Master List lead disputes summary	New content for MDD v8.0	Summary of the Master List lead status one-time fix activity	Process summary for one-time fix activity
Master List lead remediation - context	New content for MDD v8.0	Background and issues identified with the status of the lead syndicate on the Master List	Context for one-time fix activity
Master List lead remediation – analysis	New content for MDD v8.0	Analysis highlighting the lead contention between MDC and the Master List for c.305k OSNDs in the Book of Record	Analysis to support the undertaking of the lead remediation one-time fix activity
Master List lead remediation approach (1/2)	New content for MDD v8.0	Process summary and Managing Agent action	Process design for one-time fix activity

Changes made to MDD (7/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Master List lead remediation approach (2/2)	New content for MDD v8.0	Output of the one-time fix exercise and updates to the Lloyd's Europe Master List	Process design for one-time fix activity
BAU Part VII Disputes Processes	Updated since MDD v7.1	Distinction between one-time fix process progress and when BAU disputes processes should be used	Summary of usage of each of the BAU disputes processes
BAU Master List transferring status disputes process – Summary	Updated since MDD v7.1	Summary of BAU Master List transferring status disputes process	Outlines scope, and breaks down the role for lead syndicate and broker
BAU Master List transferring status disputes process – Bureau Processing	Updated since MDD v7.1	Summary of bureau processing for the disputed OSNDs and associated CORs that go through this process	Split bureau processing section from the reporting section
BAU Master List transferring status disputes process - Reporting	Updated since MDD v7.1	Summary of FDO report and data fields	More data fields included in the report
BAU Master List transferring status disputes process	Updated since MDD v7.1	Process map	Process design change
Master List transferring status disputes process – MDC Data Submission (1/5)	Updated since MDD v7.1	Overview of different scenarios and actions across premiums and claims	Updated guidance
Master List transferring status disputes process – MDC Data Submission (2/5)	Updated since MDD v7.1	MDC Scenario 1: Premium OSND – ‘Non-Transferring’ to ‘Transferring’	Updated guidance
Master List transferring status disputes process – MDC Data Submission (3/5)	Updated since MDD v7.1	MDC Scenario 2: Premium OSND – ‘Transferring’ to ‘Non-Transferring’	Updated guidance
Master List transferring status disputes process – MDC Data Submission (4/5)	Updated since MDD v7.1	MDC Scenario 3: Claims COR / OSND – ‘Non-Transferring’ to ‘Transferring’	Updated guidance

Changes made to MDD (8/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Master List transferring status disputes process – MDC Data Submission (5/5)	Updated since MDD v7.1	MDC Scenario 4: Claims COR / OSND – ‘Transferring’ to ‘Non-Transferring’	Updated guidance
BAU Triage outcome disputes process for new CORs processed from 21.12.20 onwards – a) Broker / Coverholder / DCA triage	Updated since MDD v7.1	Summary of BAU triage outcome disputes process, for claims triaged incorrectly by Broker/Coverholder/DCA; premium triage disputes are out of scope in BAU	Outlines scope, and breaks down the role for lead syndicate and the bureau
BAU Triage outcome disputes process for new CORs processed from 21.12.20 onwards – a) Broker / Coverholder / DCA triage	Updated since MDD v7.1	Process map	Process design change
BAU Triage outcome disputes process for new CORs processed from 21.12.20 onwards – c) Bureau triage	Updated since MDD v7.1	Summary of BAU triage outcome disputes process for claims triaged incorrectly by the bureau; premium triage disputes are out of scope in BAU	Outlines scope, and breaks down the role for lead syndicate and bureau
BAU Triage outcome disputes process for new CORs processed from 21.12.20 onwards	Updated since MDD v7.1	Process map	Process design change
Triage outcome disputes process – MDC Data Submission (1/2)	Updated since MDD v7.1	MDC Scenario: Claims COR – ‘Non-Transferring’ to ‘Transferring’	Updated guidance
Triage outcome disputes process – MDC Data Submission (2/2)	Updated since MDD v7.1	MDC Scenario: Claims COR – ‘Transferring’ to ‘Non-Transferring’	Updated guidance
Open COR list BAU process – claims opened prior to 21.12.2020	Updated since MDD v7.1	Summary of open COR list BAU process	Outlines scope, and breaks down the role for lead syndicate and the bureau
Open COR list BAU process – claims opened prior to 21.12.2020	Updated since MDD v7.1	Process map	Process design change

Changes made to MDD (9/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Open COR list disputes process – MDC Data Submission (1/2)	Updated since MDD v7.1	MDC Scenario: Claims COR 'Non-Transferring' to 'Transferring'	Updated guidance
Open COR list disputes process – MDC Data Submission (2/2)	Updated since MDD v7.1	MDC Scenario: Claims COR 'Transferring' to 'Non-Transferring'	Updated guidance
Master List Lead BAU disputes process – Summary	Updated since MDD v7.1	Summary of Master List Lead BAU disputes process	Outlines assumptions around designing the process, followed by process overview
Master List Lead BAU disputes process	Updated since MDD v7.1	Process map	Process design change
Master List Lead BAU disputes process - Template	Updated since MDD v7.1	Updated email template to inform Lloyd's Europe of a proposed Master List lead change	Process design change
Process for RITCs effective after SED – ahead of RITC completion & update to link tables (1/2)	Updated since MDD v7.1	Activity and Notes updated for BAU	Updated guidance
Process for RITCs effective after SED – ahead of RITC completion & update to link tables (2/2)	Updated since MDD v7.1	Activity and Notes updated for BAU	Updated guidance
Process for RITCs effective after SED – Following the update to link tables / data submissions (1/3)	Updated since MDD v7.1	Actions for ceding and reinsuring syndicate for MDC submissions	Updated guidance
Process for RITCs effective after SED – Following the update to link tables / data submissions (2/3)	Updated since MDD v7.1	Actions for ceding and reinsuring syndicate for MDC submissions	Updated guidance
Process for RITCs effective after SED – Following the update to link tables / data submissions (3/3)	Updated since MDD v7.1	Actions for ceding and reinsuring syndicate for MDC submissions	Updated guidance

Changes made to MDD (10/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Monthly Submission (Step 16) – ceding syndicate	Updated since MDD v7.1	Updated activity for MDC data submission in BAU	Updated guidance
Monthly Submission (Step 19) – reinsuring syndicate	Updated since MDD v7.1	Updated activity for MDC data submission in BAU	Updated guidance
Initial Load catch-up (Step 20) – ceding syndicate	Updated since MDD v7.1	Updated activity for MDC data submission in BAU	Updated guidance
Initial Load catch-up (Step 21) – reinsuring syndicate	Updated since MDD v7.1	Updated activity for MDC data submission in BAU	Updated guidance
Process for syndicate change of management – key considerations (1/2)	Updated since MDD v7.1	Activity and Notes updated for BAU	Updated guidance
Cash Reconciliation – context	New content for MDD v8.0	Background regarding the cash reconciliation activity conducted by Lloyd's Europe	Summary of cash reconciliation activity during Q2 2021
Cash Reconciliation – original approach	New content for MDD v8.0	Summary of original cash reconciliation approach and the challenges faced by MAs	Context for the distinction between the original approach vs revised approach
Cash Reconciliation – revised approach	New content for MDD v8.0	Summary of revised cash reconciliation approach and its benefits	Context for transitioning to a new reconciliation approach
Cash Reconciliation – key changes to original process and guidance	New content for MDD v8.0	Summary of key changes	Additional context for transitioning to a new reconciliation approach
Cash Reconciliation – updated guidance on how to report the value of unreconciled items	New content for MDD v8.0	Updated definition of value of unreconciled items in Data Model 5.2	Additional guidance for MAs on the value of unreconciled items

Changes made to MDD (11/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Process for syndicate change of management – key considerations (2/2)	Updated since MDD v7.1	Activity and Notes updated for BAU	Updated guidance
Process for syndicate change of management – data submissions	Updated since MDD v7.1	Activity and Notes updated for BAU	Updated guidance
Write-offs of unreceived premiums	Updated since MDDv7.1	Credit control report has been de-scoped	Removal of reference to credit control report
Cash Reconciliation – context	New content for MDD v8.0	Background regarding the cash reconciliation activity conducted by Lloyd's Europe	Summary of cash reconciliation activity during Q2 2021
Cash Reconciliation – original approach	New content for MDD v8.0	Summary of original cash reconciliation approach and the challenges faced by MAs	Context for the distinction between the original approach vs revised approach
Cash Reconciliation – revised approach	New content for MDD v8.0	Summary of revised cash reconciliation approach and its benefits	Context for transitioning to a new reconciliation approach
Cash Reconciliation – key changes to original process and guidance	New content for MDD v8.0	Summary of key changes	Additional context for transitioning to a new reconciliation approach
Cash Reconciliation – updated guidance on how to report the value of unreconciled items	New content for MDD v8.0	Updated definition of value of unreconciled items in Data Model 5.2	Additional guidance for MAs on the value of unreconciled items
Cash Reconciliation – Example 1: Root Cause findings	New content for MDD v8.0	Outlining drivers of reconciliation variances	Worked example to support identification of cash reconciliation variances
Cash Reconciliation – Example 2: Unreconciled Items	New content for MDD v8.0	Summary of scenarios and required actions in relation to unreconciled items	Worked example to support resolution of cash reconciliation variances
Cash Reconciliation – Steps to Agree write-off with LIC	New content for MDD v8.0	Process summary for receiving a cash reconciliation write-off	Additional guidance to support cash reconciliation write-off as required

Changes made to MDD (12/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Cash Reconciliation – Write-off Approach, example: cash movement without data	New content for MDD v8.0	Write-off example for scenarios where there has been a cash movement without data	Worked example to support write-off of cash reconciliation variances
Cash Reconciliation – Write-off Approach, example: data with no cash movement	New content for MDD v8.0	Write-off example for scenarios where data has been submitted to LIC but there has been no cash movement	Worked example to support write-off of cash reconciliation variances
Summary View of the Loss Fund Reconciliation Approach conducted in H1 2021	New content for MDD v8.0	High level view of loss fund data sources: Lloyd's Europe internal data, LFTA, and MDC submissions	Context for Loss Funds reconciliation activity
Loss Funds Reconciliation – Transition to BAU	New content for MDD v8.0	Summary of BAU handling of loss funds	BAU process for monitoring of loss funds
Amendments to the LFTA schedule – Market Guidance	New content for MDD v8.0	Summary of how to make amendments to the transferring loss funds schedule	BAU process for amending LFTA schedule
Scope of Premium Initial Load – Declaration Level	Updated since MDD v7.1	Not required anymore for MAs to provide premium declaration data via MDC	Descope of the premium declaration requirement
Part VII Monthly Transactions – Key Principles	Updated since MDD v7.1	Only claims declaration transactions must be provided via the Monthly declaration submission process	Descope of the premium declaration requirement
Part VII Monthly Transactions – Premium Declaration Submission	Updated since MDD v7.1	The link between the Premium Master submission and the Premium Declaration submission is not applicable anymore	Descope of the premium declaration requirement
Part VII Transfer Date Positions & Monthly Transactions – Declaration Level submissions	Updated since MDD v7.1	Only claims declaration transactions must be provided via the Monthly declaration submission process	Descope of the premium declaration requirement
Initial Load catch-up – requirements within the Initial Load catch-up files	Updated since MDD v7.1	Only claims declaration transactions must be provided via the Monthly declaration submission process	Descope of the premium declaration requirement

Changes made to MDD (13/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Value of All Unreconciled Items	Updated since MDD v7.1	Updated guidance based on the new cash reconciliation approach as communicated with the Market	Simplifying the cash reconciliation approach
Loss Fund Corrections – details on the correction of Loss Fund positions and movements via MDC	New content for MDD v8.0	Summary of correction scenarios and descriptions	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Initial Load	New content for MDD v8.0	Initial load – Scenario 1 worked example – reverse out of an incorrect submitted initial load loss fund	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Initial Load (cont.)	New content for MDD v8.0	Initial Load – scenario 2 worked example – correction of a submitted initial load loss fund measure	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Initial Load (cont.)	New content for MDD v8.0	Initial Load – scenario 3 worked example – correction of a submitted initial load loss fund dimension	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Initial Load (cont.)	New content for MDD v8.0	Initial Load – scenario 4 worked example – submission of a missed Loss Fund within the initial load catch-up submission	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Monthly Load	New content for MDD v8.0	Monthly Load – scenario 5 worked example – complete reverse out of an incorrectly submitted monthly load loss fund transaction	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Monthly Load (cont.)	New content for MDD v8.0	Monthly Load – scenario 6 worked example – correction of a submitted monthly load loss fund measure	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Monthly Load (cont.)	New content for MDD v8.0	Monthly Load – scenario 7 worked example – correction of a submitted monthly load loss fund dimension	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Monthly Load (cont.)	New content for MDD v8.0	Monthly Load – scenario 8 worked example – submission of a missed Loss Fund transaction within the monthly load	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021

Changes made to MDD (14/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Bureau Part VII Queried Signings Market Guidance	Updated since MDD v7.1	Updated guidance – November 2021 instead of April 2021	Updated since last version of MDD
Queried Signings – Introduction	Updated since MDD v7.1	No longer under market consultation; final version	Final version of this document to outline scenarios where signings / transactions may have been coded incorrectly, and corresponding actions
Premiums: navigating this document	Updated since MDD v7.1	No action required for any queried signings scenarios in relation to premiums	No action required in relation to premiums following the materiality decision agreed by Lloyd's and Lloyd's Europe
Category 1: contra or correction of a premium signed prior to 21/12/2020 – Scenario A	Updated since MDD v7.1	No action required	No longer undergoing market consultation
Category 1: contra or correction of a premium signed prior to 21/12/2020 – Scenario A (cont'd)	Updated since MDD v7.1	No action required	No longer undergoing market consultation
Category 1: contra or correction of a premium signed prior to 21/12/2020 – Scenario B	Updated since MDD v7.1	No action required; updated link to deferred signings slide	No longer undergoing market consultation
Category 1: contra or correction of a premium signed prior to 21/12/2020 – Scenario B (cont'd)	Updated since MDD v7.1	No action required	No longer undergoing market consultation
Category 1: contra or correction of a premium signed prior to 21/12/2020 – Scenario B (cont'd)	Updated since MDD v7.1	No action required	No longer undergoing market consultation
Category 1: contra or correction of a premium signed prior to 21/12/2020 – Scenario C	Updated since MDD v7.1	No action required	No action required due to materiality decision in relation to premium signings agreed by Lloyd's and Lloyd's Europe
Category 1: contra or correction of a premium signed prior to 21/12/2020 – Scenario C (cont'd)	Updated since MDD v7.1	No action required	No action required due to materiality decision in relation to premium signings agreed by Lloyd's and Lloyd's Europe

Changes made to MDD (15/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Category 1: contra or correction of a premium signed prior to 21/12/2020 – Scenario C (cont'd)	Updated since MDD v7.1	No action required	No action required due to materiality decision in relation to premium signings agreed by Lloyd's and Lloyd's Europe
Category 1: contra or correction of a premium signed prior to 21/12/2020 – Scenario D	Updated since MDD v7.1	No action required	No action required due to materiality decision in relation to premium signings agreed by Lloyd's and Lloyd's Europe
Category 1: contra or correction of a premium signed prior to 21/12/2020 – Scenario D (cont'd)	Updated since MDD v7.1	No action required	No action required due to materiality decision in relation to premium signings agreed by Lloyd's and Lloyd's Europe
Category 2: new premium advised, premium signed prior to 21/12/2020	Updated since MDD v7.1	No action required	No action required due to materiality decision in relation to premium signings agreed by Lloyd's and Lloyd's Europe
Category 3: Broker / Coverholder Triage	Updated since MDD v7.1	No action required	No action required due to materiality decision in relation to premium signings agreed by Lloyd's and Lloyd's Europe
Category 4: Coverholders domiciled in Germany – Example 1	Updated since MDD v7.1	No action required	No action required due to materiality decision in relation to premium signings agreed by Lloyd's and Lloyd's Europe
Category 4: Coverholders domiciled in Germany – Example 2	Updated since MDD v7.1	No action required	No action required due to materiality decision in relation to premium signings agreed by Lloyd's and Lloyd's Europe
Category 5: FIL Code 3	Updated since MDD v7.1	No action required	No action required due to materiality decision in relation to premium signings agreed by Lloyd's and Lloyd's Europe
Category 5: FIL Code 3 (cont'd)	Updated since MDD v7.1	No action required	No action required due to materiality decision in relation to premium signings agreed by Lloyd's and Lloyd's Europe
Category 6: Non cash signings with money moving pre SED but processed post SED with a 'Transferring' status	New content for MDD v8.0	Part VII impact and worked example of this scenario; no action required due to materiality decision agreed by Lloyd's and Lloyd's Europe	Additional scenario since previous iteration of queried signings guidance

Changes made to MDD (16/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Category 6: Non cash signings with money moving pre SED but processed post SED with a 'Transferring' status (cont'd)	New content for MDD v8.0	Details outlining why / how this query would arise, and no action required	Additional scenario since previous iteration of queried signings guidance
Category 7: Transferring contra signings on original signings processed prior to the SED without a Part VII trust fund code	New content for MDD v8.0	Part VII impact and worked example of this scenario; no action required due to materiality decision agreed by Lloyd's and Lloyd's Europe	Additional scenario since previous iteration of queried signings guidance
Category 8: CMB FIL code; Canadian domiciled Coverholders writing EEA business with a 'Transferring' status	New content for MDD v8.0	Part VII impact and worked example of this scenario; no action required due to materiality decision agreed by Lloyd's and Lloyd's Europe	Additional scenario since previous iteration of queried signings guidance
Claims: navigating this document	New content for MDD v8.0	Outlining the different scenarios in relation to queries regarding claims transactions; indicates whether action is required	Contents for each scenario, with description and required action
Category 1: Pre-21/12/2020 Claim – Scenario A	Updated since MDD v7.1	No action required	No longer undergoing market consultation
Category 1: Pre-21/12/2020 Claim – Scenario B	Updated since MDD v7.1	Detail outlining the open COR list one-time fix process, to remediate as many CORs as possible that were missed from the bulk-tagging exercise	Programme activity has taken place to mitigate this scenario as far as possible
Category 1: Pre-21/12/2020 Claim – Scenario B (cont'd)	Updated since MDD v7.1	Managing Agent action sections updated to reflect extensive open COR list one-time fix exercise; BAU Open COR list disputes process to be used in exceptional circumstances only	Programme activity has taken place to mitigate this scenario as far as possible; development of BAU disputes processes
Category 1: Pre-21/12/2020 Claim – Scenario C	Updated since MDD v7.1	Managing Agent action sections updated to reflect extensive open COR list one-time fix exercise; BAU Open COR list disputes process to be used in exceptional circumstances only	Programme activity has taken place to mitigate this scenario as far as possible; development of BAU disputes processes

Changes made to MDD (17/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Category 2: Claims open on or after 21/12/2020 – Scenario A	Updated since MDD v7.1	Managing Agent action section updated to reflect development of BAU claims triage outcome disputes process 2a (Broker/Coverholder/DCA triage)	Programme has developed a BAU claims triage outcome dispute process to aid remediation of this scenario, if required
Category 2: Claims open on or after 21/12/2020 – Scenario B	Updated since MDD v7.1	Inclusion of Master List error to this scenario; Managing Agent action section updated to reflect extensive Master List transferring status one-time fix exercise; BAU Master List process to be used in exceptional circumstances only	Programme activity has taken place to mitigate this scenario as far as possible; development of BAU disputes processes
Category 2: Claims open on or after 21/12/2020 – Scenario B (cont'd)	Updated since MDD v7.1	Managing Agent action section updated to reflect development of BAU claims triage outcome disputes process 2c (Bureau triage)	Programme has developed a BAU claims triage outcome dispute process to aid remediation of this scenario, if required
Category 3: Establishing all CORs created post-SED under the new FDO for OSNDs disputed through the Master List transferring status disputes processes where the new FDO is established as 'Mixed'	New content for MDD v8.0	Part VII impact and worked example of this scenario	Additional scenario since previous iteration of queried signings guidance, as a result of Master List transferring status one-time fix dispute process
Category 4: Claims corrections scenarios	New content for MDD v8.0	Outlining a variety of scenarios where claims corrections are required, alongside the trigger and DXC action	Additional scenario since previous iteration of queried signings guidance
Part VII Master List Disputes – Message examples	New content for MDD v8.0	Summary of the messages that will be received for a disputed OSND on the Master List	Worked example of the bureau messages received for a disputed OSND on the Master List
Blocking the existing OSND – Screenshots below from Account Enquiry	New content for MDD v8.0	Example message received when the existing OSND is blocked	Worked example of the bureau messages received for a disputed OSND on the Master List
A new FDO (OSND) is created – Screenshots below from Account Enquiry	New content for MDD v8.0	Example message of the replacement FDO that is created in place of the disputed OSND	Worked example of the bureau messages received for a disputed OSND on the Master List

Changes made to MDD (18/18)

Slide Title	PREVIOUS CONTENT - MDD v7.1	NEW CONTENT - MDD v8.0	Rationale for change / update / addition
Part VII Master List Disputes – Message examples	New content for MDD v8.0	Summary of the messages that will be received for a COR associated with a disputed OSND on the Master List	Worked example of the bureau messages received for a COR associated with a disputed OSND on the Master List
The existing COR on the existing OSND and UCR is closed – Screenshots from XCS CLASS	New content for MDD v8.0	Example message received when the existing COR and UCR is closed	Worked example of the bureau messages received for a COR associated with a disputed OSND on the Master List
A new COR on the new OSND is established under a new UCR – Screenshots from XCS CLASS	New content for MDD v8.0	Example message of the establishment of the new COR under a new UCR	Worked example of the bureau messages received for a COR associated with a disputed OSND on the Master List

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Executive Summary

The Lloyd's Part VII Market Design Document (MDD)

This document is intended for Managing Agents, Brokers and Coverholders / DCAs responsible for implementing the necessary changes to ensure that all in-scope EEA and Monegasque risks (incepting from 1993 up to 12th April 2019* for Direct business and up to 29th October 2020 for Reinsurance+ business) can continue to be serviced post-Brexit.

This document has been developed through consultation with the Lloyd's Market. It provides an overview of the Lloyd's Part VII solution and guidance on what Managing Agents, Brokers and Coverholders / DCAs need to do to ensure they are operationally ready for the transfer, which is scheduled for the 30th December 2020.

This Market Design Document is the final version; the Programme is now closed. This document reflects the activities conducted pre-Scheme Effective Date and the ongoing BAU activities Any later versions of this document will be distributed to the Part 7 Overall Points of Contact of Managing Agents

***Note** - c.300 extensions were granted to Managing Agents, enabling such Managing Agents (through their Coverholders) to bind policies on behalf of the Members up to the relevant extension date granted by Lloyd's. All but five of the extensions granted to Managing Agents expired on 28 March 2019 and the final extension of the five further extensions expired on 12 April 2019

***Note** – Refer to Lloyd's Market Bulletin Ref: Y5301 ([Brexit: changes to Lloyd's underwriters' reinsurance trading rights in the EEA](#)).

Contact us

For general enquiries about this document please contact LloydsEurope.Info@lloyds.com which will be managed by Lloyd's Europe

Introduction to Lloyd's Part VII

Lloyd's Part VII - Background



As a result of the decision for the UK to leave the EU, it is assumed that UK incorporated insurers, including Lloyd's Underwriters, will lose their current EU passporting rights



Lloyd's Underwriters will not be able to manage and service previously issued EEA and Monegasque policies, and global policies with EEA and Monegasque exposures, after the UK's exit from the EU has become effective



Lloyd's is therefore planning for all in-scope EEA and Monegasque risks (incepting from 1993 up to 12th April 2019* for Direct business and up to the 29th October 2020 for Inwards German Reinsurance business**) to be transferred to Lloyd's Insurance Company S.A. – Lloyd's Europe under a Part VII transfer, scheduled for 30 December 2020

*Note - c.300 extensions were granted to Managing Agents, enabling such Managing Agents (through their Coverholders) to bind policies on behalf of the Members up to the relevant extension date granted by Lloyd's. All but five of the extensions granted to Managing Agents expired on 28 March 2019 and the final extension of the five further extensions expired on 12 April 2019

**Note - German Reinsurance new business: It is important to note that as a result of the UK leaving the EU, all inwards German Reinsurance businesses underwritten by Lloyd's underwriters will have to be underwritten through Lloyd's Insurance Company starting from 30 October 2020.

Lloyd's Part VII – Solution Overview



Hyperlink



Lloyd's Insurance Company S.A. (Lloyd's Europe) will be the insurer for the Part VII book of business after the transfer date. Insurance business originally written by or reinsured to close into a syndicate will, following its transfer to Lloyd's Insurance Company S.A. under the Part VII scheme, be reinsured back to that syndicate by way reinsurance agreements between Lloyd's Insurance Company S.A. and that syndicate



Managing Agents will act in relation to the Part VII book of business as outsourced service providers of Lloyd's Europe



All claim notification and settlements will be via existing processes on behalf of Lloyd's Insurance Company S.A. - Lloyd's Europe



All complaints management activity, including notification and resolution for Part VII business will follow existing BAU Lloyd's Insurance Company S.A. - Lloyd's Europe Complaints Processes/ Guidance (refer to [section 5](#)) for further details on Part VII Complaints Management

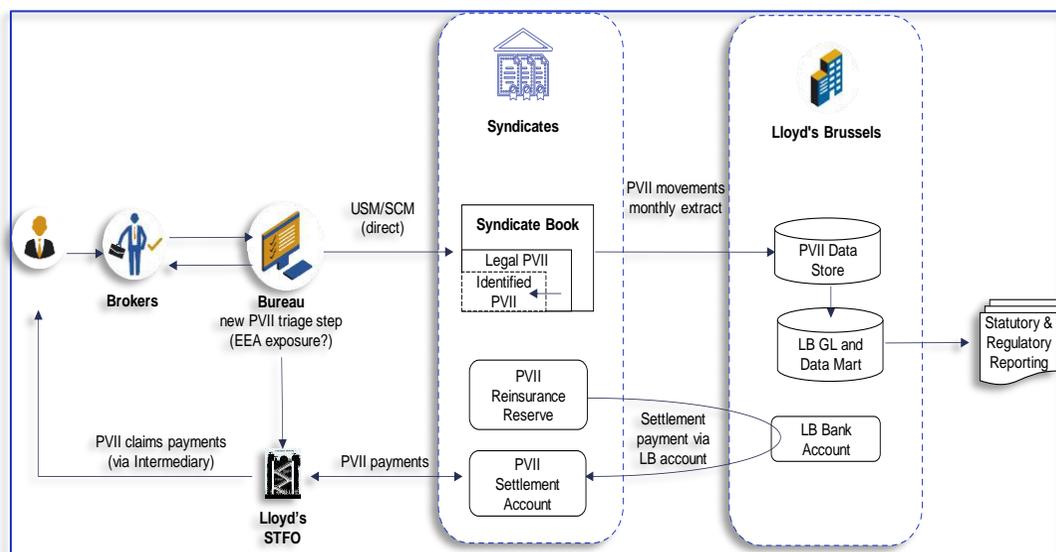
The Lloyd's Part VII Programme has:

- Defined the Operational Model (detailed in this document) that will be built and in place after the Part VII transfer, which will enable Lloyd's Europe and all market participants to manage and service the transferred business;
- Produced FAQs to provide market guidance and answer some of the most common questions;
- Maintained a central mailbox for market support (including dissemination of FAQs), communications and enquiries (Part7@lloyds.com)

Introduction to Lloyd's Part VII

What is covered in this Market Design Document?

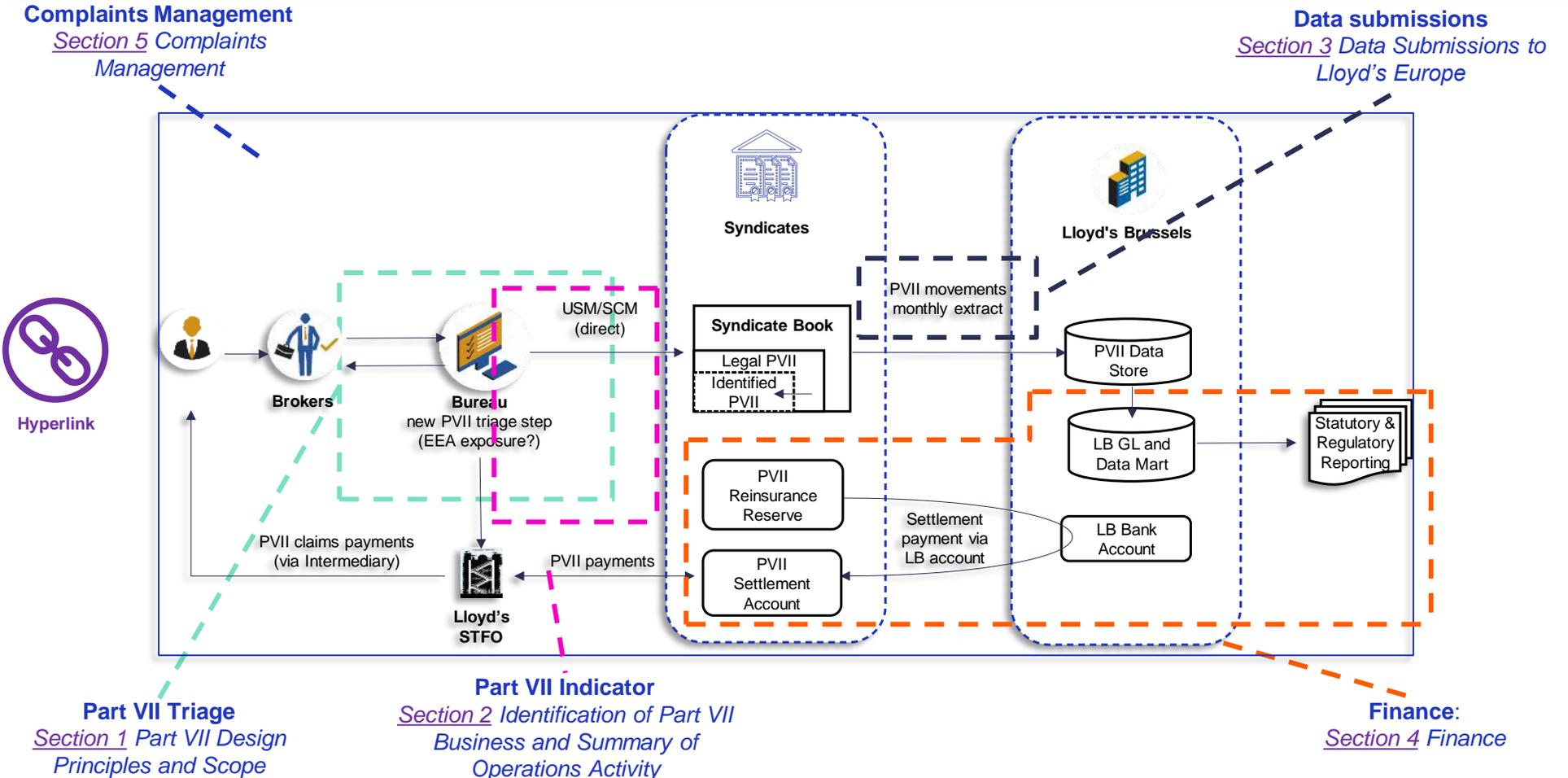
- **Section 1** covers the Lloyd's Part VII Design Principles and Scope – this will outline the key elements defining Part VII business
- **Section 2** covers Part VII Identification and Operational Activity – this will outline the approach to identifying Part VII business pre-transfer i.e. before 30 December 2020, in addition to administering new claims on an ongoing basis (Bureau and non-Bureau)
- **Section 3** covers the data submissions that will be required from MAs / Syndicates (including those required on an ongoing basis), and a summary of one-time fix and BAU disputes processes
- **Section 4** covers Part VII Finance requirements – this details requirements around the operation of Part VII Settlement Accounts and money movement and control. This also covers Claims VAT requirements
- **Section 5** covers Part VII complaints management – i.e. handling Part VII complaints on an ongoing basis
- **Section 6** covers Lloyd's Europe sanctions screening process for Part VII business
- **Section 7** covers accounting treatment guidance and the impact assessment carried out on the current Lloyd's reporting requirements
- **The Appendix** lists the changes across the various published versions of the MDD, High-level Operational Framework, Process Diagrams, Queried Signings market guidance, Reporting impact assessment, Bulked DA Process Maps, MDC Guidance, Operational Data Model Detailed Guidance, Claims Dos and Do nots, Asset Transfer and MDD Slide number mapping v7.0 v v8.0



High-level Operational Framework and Navigating the Market Design Document



We have signposted below where information can be found relating to each of the main workstreams under the Part VII Programme. We have also included updated versions of the 'swimlane' High-level Operational Framework in the Appendix



Introduction to Lloyd's Part VII

Understanding the icons used in this document

Part VII impacted actors / stakeholders

For each of the sections in this Market Design Document, the following icons will be used to indicate which stakeholders under the Part VII Solution will be impacted by changes to existing processes / procedures, and / or implementation of new processes / procedures.



Policy Holder



MA / Syndicate*



Broker



Coverholder / DCA



Bureau



Lloyd's Europe

* Administrative activities will be undertaken by MAs on a Syndicate by Syndicate basis

This icon indicates this slide of the MDD includes a hyperlink. Please hold down CTRL and left-click to navigate to the linked content:



Hyperlink

Where there are open design questions relating to the Part VII Operational Solution, these have been flagged with the following symbol:



Open Design Question

Where there are items which are undergoing market consultation or where market feedback is underway, these have been flagged with the following symbol:



Undergoing Market Consultation

The following symbol has been used to highlight actions which are included for each relevant stakeholder at the beginning of each section:



Action

Indicates where the content applies to activities and actions performed prior to the SED only :



Pre-SED only

Section 1: Part VII Design Principles and Scope

Key Design Principles for the Part VII Operational Framework



MA / Syndicate



Broker



CH / DCA



Bureau



Lloyd's Europe

Key design principles are the parameters which set out the fundamental concepts applicable to the Part VII transfer operational framework. These have been updated, maintained and validated throughout the Part VII Programme.

Policyholders cannot be adversely impacted

The solution must be compliant with all relevant laws and regulations

Single market-wide solution

Centralise activities and processes where practical

Least disruption and market risk

Robust and resilient with adequate control framework

Must adhere to UK regulatory principles

Scope of the Part VII Transfer



MA / Syndicate



Broker



CH / DCA



Bureau



Lloyd's Europe

Included business:

- EEA and Monegasque risks incepted at Lloyd's between 1993 and 12th April 2019* for Direct business / the 29th October 2020 for Inwards German Reinsurance business not already written into Lloyd's Insurance Company S.A. - Lloyd's Europe;
- All transferring premiums and claims processed by the Bureau (for Bureau business) / settled by Managing Agents (for Non-Bureau business) after the Scheme Effective Date**;
- All submission types (Bureau, Non-XIS and LDR);
- All classes of non-Life business;
- Inwards reinsurance is in scope of the transfer where the legally recognised cedant is domiciled in Germany;
- For multi-jurisdictional business with EEA and non-EEA risks, only the EEA business transfers;
- All transaction types including Original Premiums, Additional Premiums; Return Premiums, Treaty Statements;
- Claims Settlements and Claim Advices
- The transferring scope includes any business that has been bound by a sub-delegated coverholder - the Scheme wording / definitions ensure that binding authorities include agreements put in place with coverholders by service companies acting on behalf of members under sub-delegated arrangements – these will transfer to LIC as Transferring Contracts (provided that the coverholder is appropriately authorised)

****Bureau Triage and the SED**

- The Bureau will review every transaction processed after 21 December 2020 to assess the Part VII status
- In scope transactions will be completed with new Part VII trust fund codes
- USMs / SCMs with new Part VII trust fund values will be sent to Managing Agents after end of day on 21 December 2020
- No Part VII monies will settle before 4 January 2021 – this will be enabled via four pseudo bank-holidays

Excluded business:

- Any risk which would otherwise have been included within the Transfer but which is subject to the requirements of a local regulatory licence or other insurance approval granted to Lloyd's in the following jurisdictions: Australia, Canada, Hong Kong, Singapore, South Africa and/or Switzerland;
- Policies, or part thereof, which are subject to asset freezes or are blocked policies due to sanctions exposures;
- Life business;
- Company Market;
- Risks incepted after 12th April 2019 for Direct business and after 29th October 2020 for Reinsurance business;
- Business incepting prior to 1993 (Equitas);
- Outwards Reinsurance

*Note - c.300 extensions were granted to Managing Agents, enabling such Managing Agents (through their Coverholders) to bind policies on behalf of the Members up to the relevant extension date granted by Lloyd's. All but five of the extensions granted to Managing Agents expired on 28 March 2019 and the final extension of the five further extensions expired on 12 April 2019

Principles for Identifying Part VII Business



MA / Syndicate



Broker



CH / DCA



Bureau



Lloyd's Europe

There is a need for the Market to identify Part VII business. There are four key principles that have been applied to the process design:

There is a consistent approach to identifying Part VII transferring policies, claims and related transactions based on the Part VII Segmentation Logic

The Part VII Programme will support MAs/Syndicates by performing Part VII segmentation on notified risks prior to the transfer date

The Bureau will centrally support certain triage activities and provide end-of-day reporting as well as populating the existing Trust Fund code with the new values for Part VII transactions

Syndicates, Brokers and Coverholders / DCAs will utilise the Part VII Triage Rules where manual identification and triage of policies, claims and related transactions is required

Key Elements to Part VII Segmentation



Hyperlink



MA / Syndicate



Broker



CH / DCA



Bureau



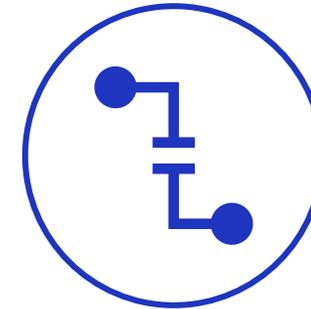
Lloyd's Europe

Key elements to the Part VII Segmentation Process:



Segmentation Logic

- The Segmentation Logic follows the Part VII Transfer Court documentation and applies two key concepts to define whether business is included within the transfer: (i) relates to EEA and Monegasque Risk (applying FIL code where required); or (ii) has been issued to or is held by an EEA Policyholder
- The Segmentation Logic will be used to categorise all records on the Master List, and any new records or transactions after the transfer date



The Master List

- As outlined in the [Master List slides](#) within this section, the Master List will contain all known risks incepting from 01/01/1993 (across all placement methods) based on data provided to the Part VII Programme by MAs / Syndicates
- The Master List will be categorised using the Segmentation Logic
- Any transactions for risks on the Master List with a status of 'mixed' or 'unknown', will be subject to a manual triage process to identify the policyholder domicile and regulatory risk location and therefore the Part VII transferring status

Master List Segmentation Logic (1/5)



MA / Syndicate



Broker



CH / DCA



Bureau



Lloyd's Europe

Segmentation logic will be applied to the data received from the market to determine the transferring status of each policy, or part policy

Segmentation Status

- The segmentation logic will apply a series of rules to the **policyholder domicile, FIL code and regulatory risk location data** for **direct open market business** to establish the transferring status of each policy, or part policy. Any segmentation statuses previously supplied by the market in 2019 are out of date and the data provided by the lead Managing Agent will inform the segmentation status
- The status will be one of: **Transferring, Non-Transferring, Mixed or Unknown**
- **For binder business**, the transferring status will be **determined by the Managing Agent**, following the instructions included in the data refresh request, conducted in April and May 2020
- The segmentation status for **all open market German Reinsurance business** will be derived from **FIL codes** identified as German Reinsurance by the Bureau and the Lloyd's International Regulatory Affairs team; all non-German Reinsurance will be included in the Master List and defaulted to Not Transferring
- Each lead Managing Agent will formally agree the data they have provided and the transferring status for binders prior to final Master Lists being provided

Segmentation Grain

- The **transferring status** will be established at **OSND grain**, with the exception of Non-XIS, LDR and binder business which will be established at **UMR grain**
- **UMR level** transferring status will be derived based on the **constituent OSNDs** (where relevant)
- **Transaction level** transferring status will be derived based on the **associated OSNDs** (where relevant)
- It is expected that there will be **variants between OSND transferring status and UMR transferring status**

Please note, this Segmentation Logic differs from the current Lloyd's Europe new business, as it includes a separate and new requirement to determine Insured Domicile in addition to Regulatory Risk Location. This approach has been driven by the Part VII Court Process Scheme reflecting current legal and regulatory requirements and does not change Lloyd's Europe new business scope

Master List Segmentation Logic (2/5)



MA / Syndicate



Broker



CH / DCA



Bureau



Lloyd's Europe

On the following pages the segmentation logic is defined; each of the key attributes have a number of definitions that need to be taken into account

Data Attribute	Guidance notes
1 Policyholder Domicile	<ul style="list-style-type: none"> “And” indicates both scenarios are present, e.g. EEA and Non-EEA “Or” refers to either scenario, e.g. Non-EEA or unknown Unknown includes non-jurisdictionally specific locations, e.g. worldwide
2 Combined FIL code	<ul style="list-style-type: none"> The Combined FIL code status refers to the collective jurisdictional status of FIL code 1 and FIL code 2, where both fields are populated; see the table below for definitions at transaction level Unknown includes non-jurisdictionally specific locations, e.g. worldwide Some non-jurisdictionally specific FIL codes will be ignored where the other FIL code on a transaction has a definitive jurisdictional status Where the insurance type and FIL code data received from the lead Managing Agent is wholly contradictory, the segmentation status will be defaulted to 'Unknown'
3 Regulatory Risk Location	<ul style="list-style-type: none"> “And” indicates both scenarios are present, e.g. EEA and Non-EEA “Or” refers to either scenario, e.g. Non-EEA or unknown Unknown includes non-jurisdictionally specific regulatory risk locations, e.g. worldwide

The combined FIL code field is designed to ensure that both FIL code 1 and FIL code 2 are taken into account when determining the status of the FIL code at a transactional level. The segmentation logic and triage process will be applied to the Combined FIL code field which is derived from FIL code 1 and FIL code 2 as demonstrated in the examples opposite:

. An updated list of FIL codes with their EEA mapping has been shared from the Part VII mailbox on 02.12.2020 – Version 6

FIL code 1	FIL code 2	Combined FIL code
Regulated excluded code*	N/A	Non-EEA
N/A	Regulated excluded code*	Non-EEA
EEA	N/A	EEA
N/A	EEA	EEA
Non-EEA	Unknown	Unknown
Unknown	Non-EEA	Unknown
Non-EEA	Non-EEA	Non-EEA
Unknown	Unknown	Unknown

Master List Segmentation Logic (3/5)



MA / Syndicate



Broker



CH / DCA



Bureau



Lloyd's Europe

Managing Agent segmentation logic rules for Direct Insurance and Open Market business (excluding binders); this logic is applied at OSND level

ID	Description	Sub ID	Policyholder Domicile ¹	Combined FIL code ²	Regulatory Risk Location ³	Master List Transferring Status	Implication
1	If FIL code equals Canadian trust fund (CR), South Africa, Australian Regulated, Switzerland, Singapore or Hong Kong	OS1A	N/A	Any Canadian trust fund (CR), South Africa, Australia, Switzerland, Singapore or Hong Kong FIL codes	N/A	Non-Transferring	Agreed regulated jurisdictions drive exclusions
2	If Non-EEA Policyholder Domicile	OS2A	Non-EEA	Non-EEA	Non-EEA	Non-Transferring	Two or more fields are non-EEA, providing Policyholder Domicile is Non-EEA
		OS2B	Non-EEA	Unknown	Non-EEA	Non-Transferring	
		OS2C	Non-EEA	Non-EEA	Unknown	Non-Transferring	
3	If Policyholder Domicile, FIL code or Risk Location is EEA	OS3A	EEA	N/A	N/A	Transferring	Transferring by virtue of solely EEA presence on one field
		OS3B	N/A	EEA	N/A	Transferring	
		OS3C	N/A	N/A	EEA	Transferring	
4	If FIL code or Regulatory Risk Location is mixed	OS4A	Non-EEA or Unknown	EEA and Non-EEA*	Non-EEA or Unknown	Mixed OSND	Mixed FIL code or Regulatory Risk Location determines status
		OS4B	Non-EEA or Unknown	Non-EEA or Unknown	EEA and Non-EEA	Mixed OSND	
5	If Policyholder Domicile is mixed	OS5A	EEA and Non-EEA	Non-EEA or Unknown or (EEA and Non-EEA*)	Non-EEA or Unknown or (EEA and Non-EEA)	Mixed OSND	Mixed Policyholder Domicile
6	If two or more of Policyholder Domicile, FIL code and Regulatory Risk Location are unknown	OS6A	Unknown or (Unknown and Non EEA)	Unknown or (Unknown and Non EEA)	Non-EEA	Unknown	Two or more unknown fields determine status (excluding Policyholder Domicile)
		OS6B	Unknown or (Unknown and Non EEA)	Non-EEA	Unknown or (Unknown and Non EEA)	Unknown	
		OS6C	Non-EEA	Unknown or (Unknown and Non EEA)	Unknown or (Unknown and Non EEA)	Unknown	
		OS6D	Unknown or (Unknown and Non EEA)	Unknown or (Unknown and Non EEA)	Unknown or (Unknown and Non EEA)	Unknown	
		OS6E	Unknown or (Unknown and Non EEA)	Non-EEA	Non-EEA	Unknown	

^{1/2/3} - See corresponding notes on previous page

Master List Segmentation Logic (4/5)



MA / Syndicate



Broker



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The below examples seek to illustrate how the more complex segmentation rules – four, five and six – will work in practice utilising Managing Agent data

ID	Description	Sub ID	Policyholder Domicile ¹	Combined FIL code ²	Regulatory Risk Location ³	Master List Transferring Status	Implication
4	If FIL code or Regulatory Risk Location is mixed	OS4A	Non-EEA or Unknown	EEA and Non-EEA*	Non-EEA or Unknown	Mixed OSND	Mixed FIL code or Regulatory Risk Location determines status
		OS4B	Non-EEA or Unknown	Non-EEA or Unknown	EEA and Non-EEA	Mixed OSND	
	EXAMPLE	OS4B	KR	SKR1	KR and FR	Mixed OSND	
5	If Policyholder Domicile is mixed	OS5A	EEA and Non-EEA	Non-EEA or Unknown or (EEA and Non-EEA*)	Non-EEA or Unknown or (EEA and Non-EEA)	Mixed OSND	Mixed Policyholder Domicile
		EXAMPLE	OS5A	US and FR	USF1 and FRK1	US and FR	
6	If two or more of Policyholder Domicile, FIL code and Regulatory Risk Location are unknown	OS6A	Unknown or (Unknown and Non EEA)	Unknown or (Unknown and Non EEA)	Non-EEA	Unknown	Two or more unknown fields determine status (excluding Policyholder Domicile)
		OS6B	Unknown or (Unknown and Non EEA)	Non-EEA	Unknown or (Unknown and Non EEA)	Unknown	
		OS6C	Non-EEA	Unknown or (Unknown and Non EEA)	Unknown or (Unknown and Non EEA)	Unknown	
		OS6D	Unknown or (Unknown and Non EEA)	Unknown or (Unknown and Non EEA)	Unknown or (Unknown and Non EEA)	Unknown	
		OS6E [^]	Unknown or (Unknown and Non EEA)	Non-EEA	Non-EEA	Unknown	
EXAMPLE	OS6B	Unknown	USF1	US and WW	Unknown		

^{1/2/3} - See corresponding notes on previous page

*Covers all scenarios where the FIL codes (at transactional level) are mixed when rolled up to OSND level.

[^]Remains unknown due to the unknown policyholder domicile which may be EEA

Master List Segmentation Logic (5/5)



Hyperlink



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The transferring status for Binders is derived from the Managing Agent data request, and for German Reinsurance Open Market business, via FIL codes

Binder Segmentation

- **For binder business (including German Reinsurance binders),** the transferring status will be **determined by the Managing Agent** through the data refresh request, conducted in April and May 2020
- The transferring status will be assigned using the authorised **regulatory risk locations** under each binding authority agreement
 - This will be determined using the Master Agreement, looking at underlying declarations or underwriting guidelines, and/or consulting Coverholders and/or brokers where applicable
 - The data provided and the status of the binder will be formally agreed between Lloyd's and the Managing Agent through the final agreement of the Master List
- Where Binder business is categorised as **mixed or unknown**, the following [actions](#) should be taken

German Reinsurance Segmentation

- For German Reinsurance open market business, the **identification of Transferring business is purely based on FIL code** which assumes that the FIL code is a **suitable proxy of the cedant domicile**
- Business with **solely German Reinsurance FIL codes** will be treated as **transferring**
- Reinsurance business with a mixture of German and Non-German FIL codes will be treated as **mixed**
- Reinsurance business with Non-German **or Unknown (non-jurisdictionally specific) FIL codes** are treated as **non-transferring**

Master List Segmentation Logic: Additional Changes (1/3)



Hyperlink



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Transferring OSNDs associated with 'Regulated' FIL codes in the Master List

Issue

This issue has been caused by three routes:

1. Managing Agents did not supply the regulated FIL codes associated with their open market policies in the Master List data request, resulting in segmentation statuses of 'Transferring' derived from an incomplete dataset
2. Managing Agents did not identify or do not hold regulated FIL codes on their binder OSNDs, and, therefore did not segment as 'Not Transferring'
3. Regulated FIL codes have appeared on transactions that have been processed after the Master List data request

Materiality

This issue affects almost all Managing Agents to varying degrees. The table below highlights the materiality, sourced from DXC data, split by method of placement:

Method of Placement	Number of OSNDs
Binders / Lineslips	356
Open market	21,977
Total	22,333*

Solution

- All OSNDs with regulated FIL codes in DXC data that are currently segmented as 'Transferring' will be re-segmented to 'Unknown' to ensure they are subject the triage process, where applicable
- All transactions with regulated FIL codes and a 'Transferring' status found on the Master List beyond this change should have been addressed via the Master List transferring status one-time fix disputes process (see [here](#))

Master List Segmentation Logic: Additional Changes (2/3)



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FIL code mapping and logic updates

- Updates to the original FIL code mapping table were made to 101 FIL codes across the course of the Master List development
 - 35 FIL codes were mapped to 'Ignore if another FIL code exists, else Unknown' to reflect the fact that another FIL code on the same transaction is likely to provide a stronger determinant of the risk location
 - 37 FIL codes were mapped to 'Not Transferring' having been mapped to 'Unknown' or 'Transferring' as a result of feedback from the market and review with the Lloyd's International Regulatory Affairs team
 - 29 FIL codes were mapped as 'Regulated' being domiciled in one of the six excluded jurisdictions, having previously been mapped as 'Unknown'
- In conjunction with the LMA and with feedback from Managing Agents, the Programme took a decision to default to 'Unknown' any open market OSNDs where data received from the lead Managing Agent indicated a conflict on the insurance type. This includes scenarios where:
 - A direct insurance type was provided but the FIL codes all indicated Reinsurance business
 - A reinsurance insurance type was provided but the FIL codes all indicated direct business

Master List Segmentation Logic: Additional Changes (3/3)



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Direct risks incepting 01/01/2019 to 12/04/2019 'Transferring' because of an EEA policyholder domicile

"Cut-Off Date means:

- (a) 31 December 2018, in respect of a Policy effected as insurer or co-insurer, where limb (b) of this definition does not apply; or*
- (b) 12 April 2019, in respect of a Policy effected as insurer or co-insurer as a result of an **extension granted by Lloyd's** to a managing agent between 1 January 2019 and 12 April 2019; or*
- (c) 29 October 2020 (in respect of German Inwards Reinsurance Policies);"*

Lloyd's issued blanket exceptions for risks incepting between 01/01/2019 and 28/03/2019 to managing agents seeking to write new business on syndicate paper which met the LIC licensing requirements **and** which otherwise could not be written on syndicate paper post Brexit. Case by case exceptions were granted for risks incepting between 28/03/2019 and 12/04/2019.

- Exceptions were granted for EEA direct risks (based on regulated risk location and not wholly on domicile of insured/risk location).
- Exceptions were not required for EEA reinsurance (other than German) as these could continue to be written on syndicate paper.
- Exceptions were not granted for proportional treaty as this business cannot be processed through LIC.

Assessment of Master list signings fitting 'exception' criteria – the data cohort

- Risks incepting between 1/1/2019 and 12/4/19 (dates inclusive and based on DXC recorded inception dates applied)
- Master list status set to "Transferring".
 - Pre SED: Premiums attaching to a mixed or unknown signing on the Master list to be triaged by Managing Agents.
 - Post SED: Premiums attaching to a mixed or unknown signing will be triaged by the Bureau. An update on this process was issued to the market as a formal communication by DXC on 17 December 2020, reference 2020/125
- All methods of placement other than binding authority.

Cohort assessment based on LIC exceptions rule:

Signings attaching to risks incepting between 01/01/2019 and 12/04/2019

- Allocated EEA FIL code(s) will have been processed under the blanket or case by case exception. Master list status unchanged.
- Allocated an EEA Facultative or Excess of Loss non German FIL code or Proportional Treaty (any EEA territory) not require an exception. Master list status will be updated to "Not Transferring".
- Allocated non-EEA FIL code(s) did not require exception. Master list status will be updated to Not Transferring.
- No change to Master List status for signings allocated both EEA and non-EEA FIL codes or non-regulated FIL codes only.

Following market feedback, a remediation activity was conducted on 2019 business that was listed as Transferring due to Policyholder Domicile – see [here](#)

Master List Data Lineage



Hyperlink



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The Part VII Initial Load Data Lineage follows 5 stages



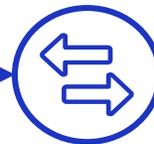
Identify, Quantify, Notify (IQN) is a dataset comprised of all live and expired policies and open claims since 1993 to end of 2019 Year of Account which has been provided by the Managing Agents in July 2019. Two data refresh exercises took place in April and May 2020 to collect additional data to enable the segmentation of risks in the Master List



Master List – Each Lead's OSNDs and UMRs as provided to IQN will be included in the Master List, regardless of transferring status. There are four possible transferring statuses that are identified on the Master List; Transferring, Not Transferring, Mixed, Unknown (one definitive status for each signing)

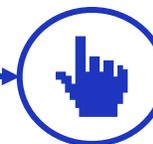


Segmented Master List
Views of the Master List are created for each Managing Agent for all risks for which they are the Lead **and Follow**. This will show Managing Agents the Transferring, Not Transferring, Mixed and Unknown statuses of their risks at signing level. Segmented versions of the final Master List will be created for Brokers and distributed in September



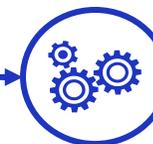
How are Managing Agents expected to identify Part VII open claims at the point of initial load before the Master List is operational?

- 1) Any claims associated with an [OSND on the MA's Master List with Transferring or Not transferring status](#) should be reported in line with the OSND status – no additional analysis required from MAs
- 2) Any claims associated with an [OSND on the MA's Master List with Unknown or Mixed status](#) - MAs are required to apply the [Triage Rules](#) or the [Non-Bureau Triage Rules](#) to confirm the Part VII status, and then either include or exclude from the Initial Load



Bureau Tagging -
Bureau tag open Part VII claims on the basis of the initial load data, at COR level ahead of go-live

A remediation exercise on the open COR list (see [here](#)), was executed in Q3 2021



Go-Live - The Part VII Programme pass finalised Master List to the Bureau for use in BAU (post go-live December 2020)



Post Scheme effective date – The Programme Master List will not be maintained after the Scheme Effective date. Newly identified policies should be minimal, as the Part VII Programme has sourced the input data that has been sent to all MAs for the data refresh from Bureau data. Any transactions that are processed by the Bureau after the scheme effective date which are associated with signings which are not on the Master List will form a 5th transferring category – “Newly Identified” – the approach for these transactions can be found on [this slide](#)

Master List – Creation Rules



Hyperlink



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Master List Source

- The Master List will be created from the final version of the IQN dataset and agreed by the respective Syndicates once the Part VII transfer Segmentation Logic has been applied
- The Part VII Programme Team will use the Segmentation Logic (detailed in the [Segmentation Logic](#) slides) to categorise the data in order to define the Part VII transfer status of all signings

Master List Creation Rules

The Part VII Programme team will establish the Master List at premium signing level, with all transactions following the OSND status after the transfer date

- 1 Views of the Master List are created for each MA for all contracts for which they are the **Lead and Follow**
- 2 All OSNDs and UMRs that have been submitted to the Programme are expected to be included in the Master List, regardless of transferring status
- 3 There will be a single level of granularity, at Original Signing Number and Date (OSND) level
- 4 There will be UMR reference and transferring status, OSND reference, Insured Domicile, Regulatory Risk Location, FIL code and Status within each line of granularity. It is expected that there will be variants between OSND transferring status and UMR transferring status, but the combinations must fall into the categories in the table on the right side.

OSND Status	UMR Status
All Transferring	Transferring
All Not Transferring	Not Transferring
Some Transferring, some Not Transferring	Mixed
All Unknown	Unknown
- 5 There are four possible transferring statuses (Transferring, Not Transferring, Mixed, Unknown)
- 6 One Master List will be provided to the Bureau

Master List – Distribution and Internal Identification



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Distribution of the Master List to the Market

- Views of the Master List will be created for each Managing Agent for all risks for which they are either the Lead or Follow. This will show Managing Agents the Transferring, Not Transferring, Mixed and Unknown statuses of their risks at signing level

Master List Internal Part VII Identification

- Segmented Master Lists will allow the identification of transferring risks, and will enable the maintenance of an accurate book of record for Syndicates to support internal controls and regulatory compliance
- External reporting requirements to Lloyd's and regulators will include some requirements for MAs to distinguish between Direct and Reinsurance business (e.g. SII Pillar 3 Reporting). Identifying all transferring policies and claims in internal systems will enable syndicates to meet these requirements
- There is no Part VII Programme requirement for MAs to develop internal system validation for Bureau messages** e.g. to check that only USMs and SCMs with Part VII transferring status are attached to signings that were originally identified by MAs as transferring. However, MAs may opt to develop reconciliation processes based on Bureau message status and internal view of transferring status. Note, the DXC end of day reports will provide a view of potential suspect transactions.

Open Claims (at COR level) at the Point of Transfer

- The Part VII status for open claims (at COR level) (based on the Master List status of the open claim's associated OSND) will be appended via the trust fund code. The Bureau in the period immediately before the transfer, will execute an internal "behind the scenes" bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies using the Initial Load open claims data provided by Managing Agents - noting that there are no Part VII update messages being sent to MAs at this stage

Managing Agent Master List

Data items detail



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The tables below highlight the data item to be included in the Master Lists for all Managing Agents where they are the Lead and Follow

Data items
<ul style="list-style-type: none"> • UMR reference • OSND reference (where applicable) • Transferring Status – OSND/UMR level (as applicable) • Data items Managing Agents have provided (see the below table) • Carrier reference • Method of placement • Data source (i.e. Bureau, Non-XIS, LDR)

Data items Managing Agents have provided:

Open Market Policy	Binders	Binders – German Re
<ul style="list-style-type: none"> • Insurance Type • Risk Country Code • Insured Domicile Country Code • Broker Name • FIL Code • Broker Policy Reference 	<ul style="list-style-type: none"> • Insurance Type • Binder Segmentation • Coverholder Name • Coverholder PIN • Service Company Indicator • Broker Binder Reference 	<ul style="list-style-type: none"> • Binder Segmentation • Coverholder Name • Coverholder PIN • Service Company Indicator • Broker Binder Reference

Note: claims data is not applicable to the master list as it used by the notifications process only

Broker Master Lists



Broker



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Master lists will be produced and made available during September / October 2020 for Brokers with policies they are associated with. They will include:

- All known risks written from 01/01/1993 (across all placement methods) based on data provided to the Part VII Programme by MAs / Syndicates where they are the listed Broker
- Part VII transferring status as described in the signed off segmentation logic, also articulated in the MDD
- The following relevant data fields:
 - UMR Reference
 - OSND Reference (where applicable)
 - Transferring Status
 - Method of Placement
 - Transaction broker number
 - Broker reference 1
 - Broker reference 2
 - Broker Name
 - Coverholder Name
 - Coverholder PIN

The secure transfer mechanism to be used is *For-Files by Forth*. Those with accounts from the Notifications Match & Attach process will be able to use their existing accounts; the remainder were setup w/c 28th September 2020. The accounts remain live to the end of February 2021

Approach to send the Master List to Coverholders and Delegated Claims Administrators (DCAs, formerly TPAs)



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Broker



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1. Part VII Context

There is a need for the Market to identify Part VII business (transferring policies, claims and related transactions) with a consistent approach. There are two key elements to the Part VII Segmentation Process:

- Segmentation logic: Applies two key concepts to define whether business is included within the transfer: (i) relates to EEA Risk; or (ii) has been issued to or is held by an EEA Policyholder. The Segmentation Logic will be used to categorise all records on the Master List, and any new records after the transfer date
- Master List: Will contain all known risks written from 01/01/1993 (across all placement methods) based on data provided to the Part VII Programme by MAs / Syndicates. The Master List identifies as many definitive transferring and non-transferring binders as possible, however, some binders will be classified with a “mixed” or “unknown” Part VII transferring status

2. How Coverholders and DCAs will use the Master List

- Pre-transfer: Coverholders will use the Master list to know the transferring status of all of their binders (transferring, not transferring, mixed or unknown) and mark them as such in their system of record
- Post transfer: Coverholders will use both the Master List and the triage rules in the process of identifying and administering Part VII transferring business
- For mixed or unknown binders, Coverholders, DCAs and brokers will utilise the triage rules, relying on policyholder domicile and regulatory risk location data to enable the creation of two monthly bordereaux: a Part VII and a non- Part VII bordereau
- The master list must be shared with Coverholders and DCAs in a coordinated fashion across the market, in order to streamline the process and avoid any confusion. The following slides contain the guidance to execute this activity

Approach to send the Master List to Coverholders and Delegated Claims Administrators (DCAs, formerly TPAs)



MA / Syndicate



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CH / DCA



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3. Approach to share the Master List with Coverholders and DCAs



Following Market consultation, and taking into account the standard Binding Authority Agreement wording, communication of the Master List to Coverholders was made through the Brokers



Following the review and confirmation process for the Master List carried out by Managing Agents, updated Broker versions of the Master List were produced and sent to Brokers in December. These were issued with instructions to proactively communicate with the Coverholders that have active binders, to provide them with the transferring status of these binders



After conducting an analysis of binders that have OSNDs with YOA 2014 or after, 70 brokers were identified to have no contact details. A separate communication has been issued to Managing Agents with a request to provide the programme with a valid contact and email address for these Brokers



Communication of the Master List to DCAs was made through the Managing Agents, as it is the Managing Agents who manage these relationships.



The Part VII programme will be able to assist any Brokers and MAs that cannot communicate with their Coverholders and DCAs directly, in coordination with the Delegated Authority team at Lloyd's. Details about this process were communicated to Brokers and MAs in November

Bureau Triage Rules



Where a signing has a Master List status of Mixed or Unknown, the triage process applied by the Bureau will use information in the specific transaction to identify the transferring status of that transaction

Triage Process

- The segmentation logic seeks to identify **as many definitive transferring and non-transferring original signings / policies, or part policies** as possible
- In some instances, where the data **cannot definitively verify the transferring status** (i.e. mixed or unknown risks), the information held for the specific transaction will be used.
- For Bureau business, structured data fields and other information within a specific transaction including the **policyholder domicile and FIL codes will be used to determine the status**; only where this information is not available will DXC seek additional information, as per ID 7
- The triage rules at the **transactional level** for Bureau business are to be applied in cascading order as follows:

ID	Description	Policyholder Domicile	Combined FIL Code	Transferring Status	Implication
1	If transaction FIL code equals Canadian trust fund (CR*), South Africa, Australian Regulated, Switzerland, Singapore or Hong Kong	N/A	Any Canadian trust fund (CR*), South Africa, Australian Regulated, Switzerland, Singapore or Hong Kong FIL codes	Non-Transferring	Agreed regulated jurisdictions drive exclusions
2	If transaction is non-German Reinsurance business	N/A	Any non-German reinsurance FIL code	Non-Transferring	Non-German RI is out of scope
3	If binder or bulking lineslip bordereaux is non-EEA	N/A	N/A	Non-Transferring	Confirmed via the bordereaux
4	If binder or bulking lineslip bordereaux is EEA	N/A	N/A	Transferring	
5	If transaction Policyholder Domicile or FIL code is definitively EEA	EEA	N/A	Transferring	Transferring by virtue of solely EEA presence on one field
		N/A	EEA	Transferring	
6	If transaction Policyholder Domicile and FIL code is definitively Non-EEA	Non-EEA	Non-EEA	Non-Transferring	Definitive confirmation of Non-EEA status
7	Additional data review from DXC using available supporting data; may involve contact with the broker / underwriter / Coverholder	No definitive confirmation of EEA or Non-EEA presence on the transaction; may require additional information from the broker / MA to identify the correct transferring status for the transaction		To be determined by DXC	May require transaction by transaction input by brokers / MAs

Non-Bureau Triage Rules



Market participants will manually triage transactions on Policies with a Mixed or Unknown status, using information on the specific transaction to identify the transferring status of that transaction

Triage Process

- The segmentation logic seeks to identify **as many definitive transferring and non-transferring original signings / policies, or part policies** as possible
- In some instances, where the data **cannot definitively verify the transferring status** (i.e. mixed or unknown risks), the information held for each specific transaction will be used
- For Non-Bureau business (including LDR), and for delegated business where the triage is carried out by the coverholder / DCA / Broker market participants will utilise the segmentation logic rules below, relying on **policyholder domicile and regulatory risk location data** to inform the transferring status
- The triage rules at the **transactional level** for Non-Bureau business will be as follows:

	ID	Description	Policyholder Domicile	Regulatory Risk Location	Transferring Status	Implication
Direct	1	If regulatory risk location equals regulated Canada, South Africa, Australia, Switzerland, Singapore or Hong Kong business	N/A	Any regulated Canada, South Africa, Australia, Switzerland, Singapore or Hong Kong business	Non-Transferring	Agreed regulated jurisdictions drive exclusions
	2	If binder or bulking lineslip bordereaux is non-EEA	N/A	N/A	Non-Transferring	Confirmed via the bordereaux
	3	If binder or bulking lineslip bordereaux is EEA	N/A	N/A	Transferring	
	4	If Policyholder Domicile or Regulatory Risk Location is definitively EEA	EEA	N/A	Transferring	Transferring by virtue of solely EEA presence on one field
			N/A	EEA	Transferring	
	5	If Policyholder Domicile and Regulatory Risk Location is definitively Non-EEA	Non-EEA	Non-EEA	Non-Transferring	Definitive confirmation of Non-EEA status
6	Contact the broker / underwriter / Coverholder for further information on the transaction	No definitive confirmation of EEA or Non-EEA presence on the transaction; will require manual intervention to identify the correct transferring status for the transaction		To be determined	Will require transaction by transaction input	
	ID	Description	Cedant Domicile	Transferring Status	Implication	
Reinsurance	7	If cedant domicile is Non-German	Non-German	Non-Transferring	Confirmed via the cedant domicile	
	8	If cedant domicile is German	German	Transferring		

Update to required naming conventions for bureau processing on 'Mixed' and 'Unknown' binders and bulking lineslips



MA / Syndicate



Broker



Bureau

There have been some changes to the required Part VII naming conventions for binding authorities and bulking lineslips that have been segmented on the Master List as 'Mixed' or 'Unknown', or which are newly identified after the completion of the Master List. The original guidance (DXC market communications reference 2020/113 and 2020/125) requested that the P7 (Part 7) / N7 (Non-Part 7) naming convention be applied to the beginning of the bordereaux or other supporting documentation, e.g. coverholder fees, survey fees, leader's fees, profit commission, commission, and other entries relating to the administration of the binding authority or bulking lineslip.

The following changes have been implemented by DXC:

- 1 The naming convention does not need to be applied at the beginning of the file title. This applies particularly where systems auto-generate dates as the first characters in the file title at the point of upload. However, market participants should endeavour to include the N7 / P7 prefix as close to the beginning of the file title as possible to simplify the identification of the instruction for the DXC technician
- 2 Where systems prevent the P7 / N7 naming convention being applied, DXC will accept any supporting document clarifying the P7 / N7 naming convention for the submission
- 3 For individual claims, the P7 / N7 naming convention needs to be applied only to the first advice on a claim attaching to a binder authority or bulking lineslip with a transferring status of 'Mixed' or 'Unknown' or is newly identified. After the P7 / N7 status has been attached to the first advice, the transferring status of the individual claim will be known to DXC and there is no need to issue further instruction
- 4 Where a fee movement is first created prior to the associated indemnity movement, and the binding authority or bulking lineslip has a transferring status of 'Mixed' or 'Unknown' or is newly identified, it will be necessary for the entity submitting the feed to refer to their client for guidance as to whether to advise DXC to allocate a P7 / N7 status

Section 2: Identification of Part VII Business and Summary of Operations Activity

Actions for identifying Part VII Business (1/6)

What does each organisation need to do?



		MA / Syndicate	Broker	CH / DCA	Bureau
PRE-TRANSFER	Identification of Part VII policies and open claims as Part VII in PAS/ System of Record	<ul style="list-style-type: none"> Syndicates need to identify in their systems of record, which risks are definitely transferring under Part VII For mixed policies, the transferring part of the policy needs to be identified in order to meet internal and external reporting requirements For policies with "Unknown" status, identify as Unknown within internal systems 	N/A	<ul style="list-style-type: none"> Coverholders / DCAs need to know the transferring status of all binders to enable these to be serviced in line with the Part VII transfer and Lloyd's Europe guidelines. Managing Agents will provide each Coverholder / DCAs with a summary of Master List data showing the transferring status for their portfolio (binders that are transferring, not transferring, mixed or unknown). <p><u>For binders with "Transferring" status:</u></p> <ul style="list-style-type: none"> Mark this Binding Authority as Part VII transferring in internal systems to ensure this will be administered in line with Lloyd's Europe Part VII guidelines <p><u>For binders with "Not transferring" status:</u></p> <ul style="list-style-type: none"> No action required – administer as per BAU <p><u>For binders with "Mixed" or "Unknown" status:</u></p> <ul style="list-style-type: none"> Mark this Binding Authority as Part VII Mixed or Unknown in internal systems 	N/A

Actions for identifying Part VII Business (2/6)



What does each organisation need to do?

		MA / Syndicate	Broker	CH / DCA	Bureau
PRE-TRANSFER	Bulk Tagging of Part VII Claims by the Bureau pre-transfer	<ul style="list-style-type: none"> • Syndicates will be required to provide onboarding initial loads (including live policies and open claims) to the Part VII Programme to enable the bureau to tag open Part VII claims in their systems • Any claims associated with an OSND on the MA's Master List with Transferring or Not Transferring status require no additional analysis from MAs in order to establish whether these should be included on the Master List i.e. the status of the associated signing should be 'followed' • Any claims associated with an OSND on the MA's Master List with Unknown or Mixed status - MAs are required to apply the Part VII Segmentation Logic to confirm the Part VII status, and then either include or exclude from the Initial Load • When the trust fund code is changed (at the next transaction movement), the incurred will not be brought down to zero and be restated under the new code. Please ensure double reserving is avoided 	N/A	N/A	<ul style="list-style-type: none"> • The Bureau in the period immediately before the transfer, will execute an internal "behind the scenes" bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies using the Initial Load open claims data provided by Managing Agents - noting that there are no Part VII update messages being sent to MAs at this stage • The Part VII status will be appended via the trust fund code via USMs/SCMs at the next transaction movement (regardless of type of movement, including where movement is due to quarterly exchange rate update) <ul style="list-style-type: none"> • When the trust fund code is changed (at the next transaction movement), the incurred will not be brought down to zero and be restated under the new code.

Actions for identifying Part VII Business (3/6)

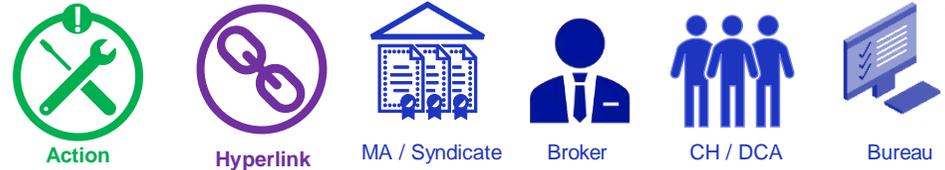


What does each organisation need to do?

		MA / Syndicate	Broker	CH / DCA	Bureau
PRE-TRANSFER	Claims (in-flight) subject to litigation to which Lloyd's Europe is a party at the scheme effective date	<ul style="list-style-type: none"> For litigation, or other formal dispute proceedings, which are in flight at the point of the transfer, the court or equivalent tribunal should* be notified of the change of the party's name (from the Managing Agent / Syndicate to Lloyd's Insurance Company). Ensure that the Claim Litigation field within the Initial Load Master Supplementary and Declaration Claim files is populated with 'Y' for claims subject to litigation 	N/A	<ul style="list-style-type: none"> For litigation, or other formal dispute proceedings, which are in flight at the point of the transfer, the court or equivalent tribunal should* be notified of the change of the party's name (from the Managing Agent / Syndicate to Lloyd's Insurance Company). Coverholders must indicate to the Broker or Managing Agent which claims are subject to litigation, or other formal dispute proceedings, to which Lloyd's Europe is a party. 	N/A
POST-TRANSFER	Any transferred claim that becomes subject to litigation to which Lloyd's Europe is a party after the scheme effective date	<ul style="list-style-type: none"> After the transfer, for litigation, or other formal dispute proceedings, the court or equivalent tribunal should* be notified that the party's name is Lloyd's Insurance Company. Ensure that the Claim Litigation field within the Monthly Master Supplementary and Declaration Claim files is populated with 'Y' for claims subject to litigation 	N/A	<ul style="list-style-type: none"> After the transfer, for litigation, or other formal dispute proceedings, the court or equivalent tribunal should* be notified that the party's name is Lloyd's Insurance Company. Coverholders must indicate to the Broker or Managing Agent any claims which are subject to litigation, or other formal dispute proceedings, to which Lloyd's Europe is a party. 	N/A

*Lloyd's Insurance Company S.A. ("LIC") is the relevant legal entity as from 30 December 2020 and therefore MA's or relevant Coverholders/DCAs ("Relevant Parties") should consult with the legal representative involved in the specific case in order to clarify the local legal position. In jurisdictions where it is necessary to change the parties to LIC, we want to ensure that this change is actively done. However, it is our understanding that in certain jurisdictions (and in respect of certain local legal procedure(s)), it may not be possible to actively change the name of parties involved in current proceedings to LIC. Further, there may be instances where a change in name is not required and this could cause unnecessary procedural issues and/or unnecessary costs. We would therefore advise that each MA (or Relevant Parties) should proactively identify all of the relevant cases to which these scenarios may apply. MA's (or Relevant Parties) should ensure that they consult with their local legal counsel currently involved in the specific case in order to clarify the position. In these particular instance(s), the local legal counsel currently handling the litigation should provide the MA (or Relevant Parties) with specific advice to the effect that changing the name(s) of the parties in current proceedings to LIC is either: i) not possible in the circumstances; or ii) a change of entity is not required. In either of these instances, the legal advice should clearly set out that the preferred course of action is to leave the parties "as is." Where this is the case, MA's (or Relevant Parties) can follow this advice.

Actions for identifying Part VII Business (4/6)



What does each organisation need to do?

		MA / Syndicate	Broker	CH / DCA	Bureau
POST-TRANSFER	Identification of Part VII Transactions post-transfer (Bureau processed)	<ul style="list-style-type: none"> MAs / Syndicates will consume the USMs/SCMS (including the Part VII indicator) and daily reports of transferring premium and claims from the Bureau, which will support the creation of monthly data submissions to Lloyd's Europe 	<p><u>Premiums</u></p> <ul style="list-style-type: none"> All premium submissions other than FDOs must be at a level which can be allocated a transferring or non-transferring status by the Bureau. Any premium submission which relates to both EEA and non-EEA risks will be queried by the Bureau with a request to split the submission <p><u>Bulked Delegated Authority business</u></p> <ul style="list-style-type: none"> Brokers will identify the transferring status of a binder using the Master List Broker should agree with CH/DCAs who will split bordereaux and follow the required naming convention 	<ul style="list-style-type: none"> Coverholders / DCAs must identify Part VII transactions <p><u>For binders with "Transferring" status:</u></p> <ul style="list-style-type: none"> Administer in line with Lloyd's Europe Part VII guidelines <p><u>For binders with "Not transferring" status:</u></p> <ul style="list-style-type: none"> No action required – administer as per BAU <p><u>For binders with "Mixed" or "Unknown" status:</u></p> <ul style="list-style-type: none"> Apply the <u>Triage Rules</u> to triage transactions on binders with a Mixed or Unknown status, to identify the transferring status of each transaction, and the subsequent submission of one Part VII bordereau and one non-Part VII bordereau per reporting period Part VII transactions will be administered in line with Lloyd's Europe Part VII guidelines The Part VII bordereau provided for transferring, mixed or unknown binders, must comply with the latest Coverholder reporting standards (currently version 5.2 published by Lloyd's in August 2019). Coverholders/DCAs should agree with brokers who will split bordereaux and follow the required naming convention 	<ul style="list-style-type: none"> The Bureau will review every transaction processed after 21 December 2020 to assess the Part VII status In scope transactions will be completed with new Part VII trust fund codes USMs / SCMs with new Part VII trust fund values will be sent to Managing Agents after end of day on 21 December 2020 No Part VII monies will settle before 4 January 2021 – this will be enabled via four pseudo bank-holidays Definitively transferring or non-transferring risks (as per the Master List status) will be processed accordingly The Bureau will triage transactions on mixed or unknown signings and any transactions or signings not on the Master List to determine whether they are EEA If a transaction relates to a Part VII transferring risk, the Bureau will indicate this via the Part VII indicator in the US / Canadian Trust Fund Code field The Bureau will send USMs/SCMS (including the Part VII indicator) and a daily report of transferring premium and claims report including these transactions to Syndicates

Actions for identifying Part VII Business (5/6)



What does each organisation need to do?

		MA / Syndicate	Broker	CH / DCA	Bureau
POST-TRANSFER	Identification of Part VII Transactions post-transfer (non-Bureau processed)	<ul style="list-style-type: none"> For non-bureau processed transactions, syndicates must identify transactions relating to Part VII transferring policies, by utilising the Master List and / or Segmentation Logic 	N/A	<ul style="list-style-type: none"> Coverholders / DCAs must identify transactions relating to Part VII transferring policies utilising the Master List <u>For binders with "Transferring" status:</u> <ul style="list-style-type: none"> Administer in line with Lloyd's Europe Part VII guidelines <u>For binders with "Not transferring" status:</u> <ul style="list-style-type: none"> No action required – administer as per BAU <u>For binders with "Mixed" or "Unknown" status:</u> <ul style="list-style-type: none"> Apply the Triage Rules to triage transactions on binders with a Mixed or Unknown status, to identify the transferring status of each transaction, and the subsequent submission of one Part VII bordereau and one non-Part VII bordereau per reporting period Part VII transactions will be administered in line with Lloyd's Europe Part VII guidelines The Part VII bordereau provided for transferring, mixed or unknown binders, must comply with the latest Coverholder reporting standards (currently version 5.2 published by Lloyd's in August 2019). Coverholders/DCAs should agree with brokers who will split bordereaux and follow the required naming convention 	N/A

Actions for identifying Part VII Business (6/6)



Action



MA / Syndicate



Broker



CH / DCA



Bureau

What does each organisation need to do?

		MA / Syndicate	Broker	CH / DCA	Bureau
POST-TRANSFER	Monthly data submissions to Lloyd's Europe post-transfer	<ul style="list-style-type: none"> MAs / Syndicates are required to report all transactions relating to Part VII transferring policies to Lloyd's Europe – this includes all transactions across all methods of placement and all transaction categories 	N/A	N/A	N/A

Description of MA / Syndicate Actions

We have summarised below the main operational activities required from Syndicates (and how the Bureau will support these) both pre and post transfer



	Activity	Description
Pre-transfer	Identification of Part VII policies and open claims as Part VII	<ul style="list-style-type: none"> All administering parties need to flag / recognise in their Policy Administration System ('PAS') or alternative system of record which policies and open claims are Part VII (definitely transferring) For mixed policies (partly Part VII transferring), the transferring part of the policy needs to be identified in order to meet internal and external reporting requirements The identification should happen at premium signing level, with all transactions following the OSND status after the transfer date
	Reporting of transferring risks (at a signing level) as Inwards Reinsurance	<ul style="list-style-type: none"> For some current market reporting requirements, syndicates will need to be able to report all transferred Part VII risks as Inwards Reinsurance rather than Direct business
	Pre-transfer Bulk Claims Tagging	<ul style="list-style-type: none"> The Bureau will execute an internal "behind the scenes" bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies using the Initial Load open claims data provided by Managing Agents - noting that there are no Part VII update messages being sent to MAs at this stage. This process is expected to take place from the beginning of December 2020 up to the transfer date In order to establish the Part VII transferring status of open claims, Syndicates will be required to provide onboarding initial loads to Lloyd's Europe (see Part VII Data Submissions for a description of this data submission process)
Post-transfer	Premium transactions and new claims triage	<ul style="list-style-type: none"> The Bureau performs triage for all premium transactions and all new claims at first advice to determine whether they are in-scope of Part VII. The Bureau then adds the Part VII indicator (see Bureau Market Support) to these transactions / new claims. Any subsequent movements on claims which have been allocated a transferring status will inherit the Part VII transferring status from the initial allocation As well as the Part VII status being appended to the USM / SCM the Bureau will produce an end of day report detailing all of the Part VII transactions / movements

Bureau Market Support

Post transfer - Bureau business



MA / Syndicate



Bureau

The Bureau will support the market by indicating Part VII status in USMs/SCMs by amending the Trust Fund Code from the Non-Brexit Part VII code to its Brexit Part VII equivalent. The Part VII status will also be included in end-of-day reports which can be used by the Syndicates to create the Part VII monthly extracts for Lloyd's Europe



For transactions processed via the Bureau, a Part VII indicator **in the form of new Part VII Trust Fund codes** will be added by the Bureau to each transaction



The addition of the Part VII indicator will be as a result of Bureau straight through processing or the bureau Part VII Triage Process, dependant on transferring status



The Part VII Trust Fund Codes will be the sole indicator that a premium or claim transaction is Part VII transferred

- The EEA Trust Fund Codes will sometimes be for currencies and territories other than USA or Canada
- The Trust Fund on claims will change at the next movement after the go-live date and this may have an outstanding amount with the EEA Trust Code where the previous movement had an outstanding with an existing Trust fund code



The existing US/Canadian Trust fund code field will be unchanged in structure but re-purposed to include codes specifically for Part VII



The Bureau will execute an internal "behind the scenes" bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies using the Initial Load open claims data provided by Managing Agents - noting that there are no Part VII update messages being sent to MAs at this stage.



The charges for Part VII Triage service will be funded by Syndicates. These costs are being paid by the LMA on behalf of the MAs using Managing Agents' funds held by LMA accrued under the Fern central services contracts. There will be a review of actuals vs. expected volumes in mid 2021 and results will be reported to ASC. An adjustment of payment at the end of 2021 will be considered IF the service use exceeds the assumed demand funded by the minimum payment for 2021. It is expected that Triage service costs for 2022 will be funded the same way

Flagging of Open Part VII Claims by Bureau



MA / Syndicate



Broker



Bureau

Pre-transfer

The Bureau will execute an internal “behind the scenes” bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies using the Initial Load open claims data provided by Managing Agents - noting that there are no Part VII update messages being sent to MAs at this stage.

Syndicates

- In order to establish the Part VII status of open claims, Syndicates will be required to provide onboarding initial loads to Lloyd’s Europe

Part VII Programme team

- The Part VII Programme team will consume, review and baseline the claims initial load submissions received from the Syndicates. This will be a recurrent process and must be finished by 11th December 2020 to provide an accurate list of open claims to the Bureau for the bulk claims update process

The Bureau

- The Bureau in the period immediately before the transfer, will execute an internal “behind the scenes” bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies - noting that there are no Part VII update messages being sent to MAs at this stage
- The Part VII status will be appended via the trust fund code via USMs/SCMs at the next transaction movement (regardless of type of movement, including where movement is due to quarterly exchange rate update)
- When the trust fund code is changed (at the next transaction movement), the incurred will not be brought down to zero and be restated under the new code.

Bureau Market Support (1/2)

Claims / premiums transactions



Hyperlink



MA / Syndicate



Bureau



The Bureau will support the Syndicates in cases where the Master List clearly states a risk is either in-scope or out of scope, and as such the Part VII indicator can be automatically added



There will be circumstances where the indicator is not definitively in or out of scope. In these cases, a manual solution will be required for both premium processing and claims processing

Activity	Description
Triage	Premium and new Claims transactions which are not automatically identified as transferring or non-transferring will be referred to Bureau Technicians for manual triage using the Bureau Triage Rules
Assess if in scope of Part VII	The Bureau BAU processing utilises coding (primarily FIL coding) which will be used to identify the Part VII status, along with reviewing the documentation submitted in the work-package and referring to the Part VII scope definition
Input indicator	After reviewing the documentation, the Bureau will manually select the correct Trust Fund code value and then continue to process as per current Bureau instructions
Queries	In cases where the work-package documentation is ambiguous e.g. incomplete slip, the Bureau will raise a query back to the broker, requesting further advice/ information
Correcting the indicator	The Bureau may receive requests from Lead Syndicates to change the Part VII indicator. In such a circumstance, the Bureau will manually correct the Trust Fund indicator field (the correction is done via using normal BAU procedures including cancel and replace)
Changing the Master List status	On the very rare, critical exceptions where a Master List record is agreed to be incorrect (despite the review and confirmation of the Managing Agent prior to the Scheme Effective Date, and the subsequent remediation activities carried out by the Part VII Programme in 2021), the BAU Master List transferring status disputes process must be followed. This will only be followed where both the transferring Lead Syndicate and LIC have both approved this change Where both the transferring Lead Syndicate and LIC have agreed, DXC will process the change, in conjunction with the broker following the process summarised on this slide

Bureau Market Support (2/2)

US / Canadian Trust Fund



MA / Syndicate



Bureau

The Bureau will add a Part VII indicator to the US / Canadian Trust Fund Code field when it processes a transaction

US / Canadian Trust Code Field

Current code	Definition	Part VII Code*
RI	Reinsurance status	R7
SL	Surplus Lines	S7
NR	Lloyd's Dollar Trust Fund	N7
VI	US Virgin Islands	V7
KY	Kentucky	K7
LL	Illinois	L7
OL	Old LATF – Business incepted prior to 01/08/95	O7
CN	Canadian Non-Regulated	7N
CR	Canadian Regulated	Not Applicable**
Blank/01	PTF / Part VII	P7

*Note – this is a definitive Part VII indicator. A composite code is only used to show the historic trust fund status of this transaction

**Note – Not applicable as Canadian Regulated business is excluded from the transfer

Non Bureau Administration

Post transfer - Non-Bureau business (Premiums and Claims)



Hyperlink



MA / Syndicate



CH / DCA



Lloyd's Europe

MA / Syndicates (and/or Coverholders/DCAs) are responsible for executing the Master List look-up and Part VII triage process for non-bureau premium and claim transactions

Non-Bureau Triage



1. MAs / Syndicates (or Coverholders/DCAs) need to perform a Part VII look-up and triage process using the Master List (see [the Master List](#) slides) and Triage Rules (see [Non-Bureau Triage Rules](#) slide)



2. MAs / Syndicates (or Coverholders/DCAs) are required to handle claims relating to Part VII transferring policies in line with [Lloyd's Europe guidelines](#)



3. All non-Bureau Part VII transactions (premiums and claims) must be provided to Lloyd's Europe in the next monthly Part VII submission

Bulked Delegated Authority Processes



MA / Syndicate



Broker



CH / DCA



Bureau



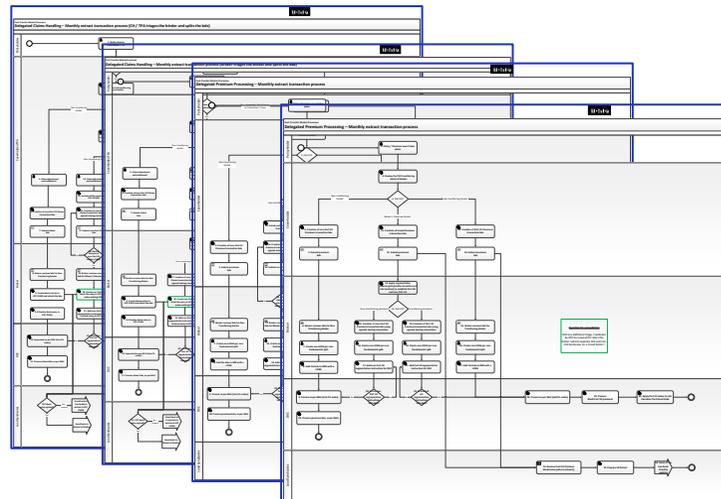
A series of workshops have been held to define the Delegated Authority Premium and Claim end-to-end processes, specifically for bulked delegated authority transactions.



The workshops involved representatives from Managing Agents, Brokers and the Bureau. The programme has issued these process maps to all Managing Agents via the OWG. Please also see the covering email for a link to these process maps



A key consideration is the requirement for either the Coverholder/DCA or Broker to carry out the triage of binders and splitting a mixed bordereau into Part VII and non-Part VII. A naming convention has been agreed (added to the prefix of the bdx) for Part VII and non-Part VII bordereaux, to allow for easier identification upon receipt of Part VII and non-Part VII by the Bureau for them to process the transactions



Delinked, delinked deferred, deferred introduction



MA / Syndicate



Broker



Bureau



Unpaid delinked premiums, additional and return premiums, and instalments under the deferred account scheme, relating to business within the scope of the transfer will need to be cancelled and replaced in order to generate the appropriate Part VII status and trust fund code



Any delinked and deferred signings created before the 21 December 2020 will by default have already been assigned a non-transferring trust fund code.



If they should have a transferring status and settle after the last settlement date of 2020, which is 23 December, they will need to be cancelled and the replacement signed on or after 21 December 2020 in order to generate a transferring trust fund



No Part VII monies will settle before 4 January 2021 – this will be enabled via four pseudo bank-holidays. Pseudo bank holidays (non-settlement days) being introduced - 24, 29, 30 and 31 December 2020. For those signings due to settle on the pseudo bank holidays, the intent is to move the settlement date to 4 January 2021. The process by which this will be achieved for delinked, delinked deferred and deferred transactions is set out on the next slide. The pseudo bank holidays will be established in settlement systems by DXC to complete by 30.10



DXC have released a Market Communication dated 29/10/2020, which provides guidance on actions to take to reduce the instances of delinked, delinked deferred and deferred transactions that require intervention. This is to help reduce the impact and effort required by the Market, please review the communication and action accordingly. If Managing Agents believe the broker to have not performed this process correctly, they should contact the broker to remediate

Pseudo Bank Holiday Process

Process Steps



MA / Syndicate

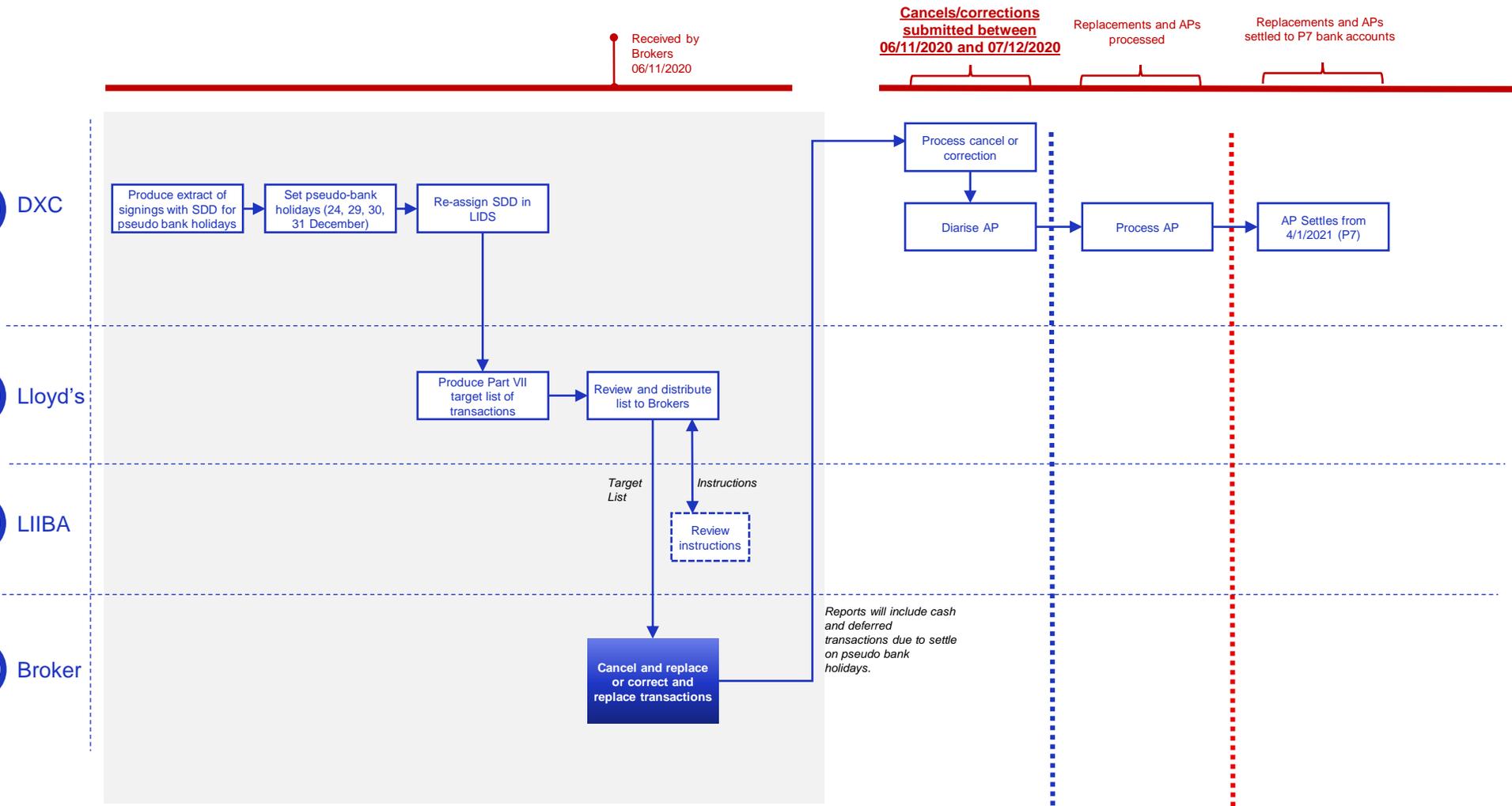


Broker



Bureau

The 24, 29, 30 and 31 December have been set to non-settlement days and Pseudo Bank Holidays in Lloyd's Central Settlement. This is required to prevent Part VII transactions settling prior to the Scheme Effective Date.



Deployment w/e 20/12/2020

SED 30/12/2020

Delinked and Delinked Deferred process

Process Steps



MA / Syndicate

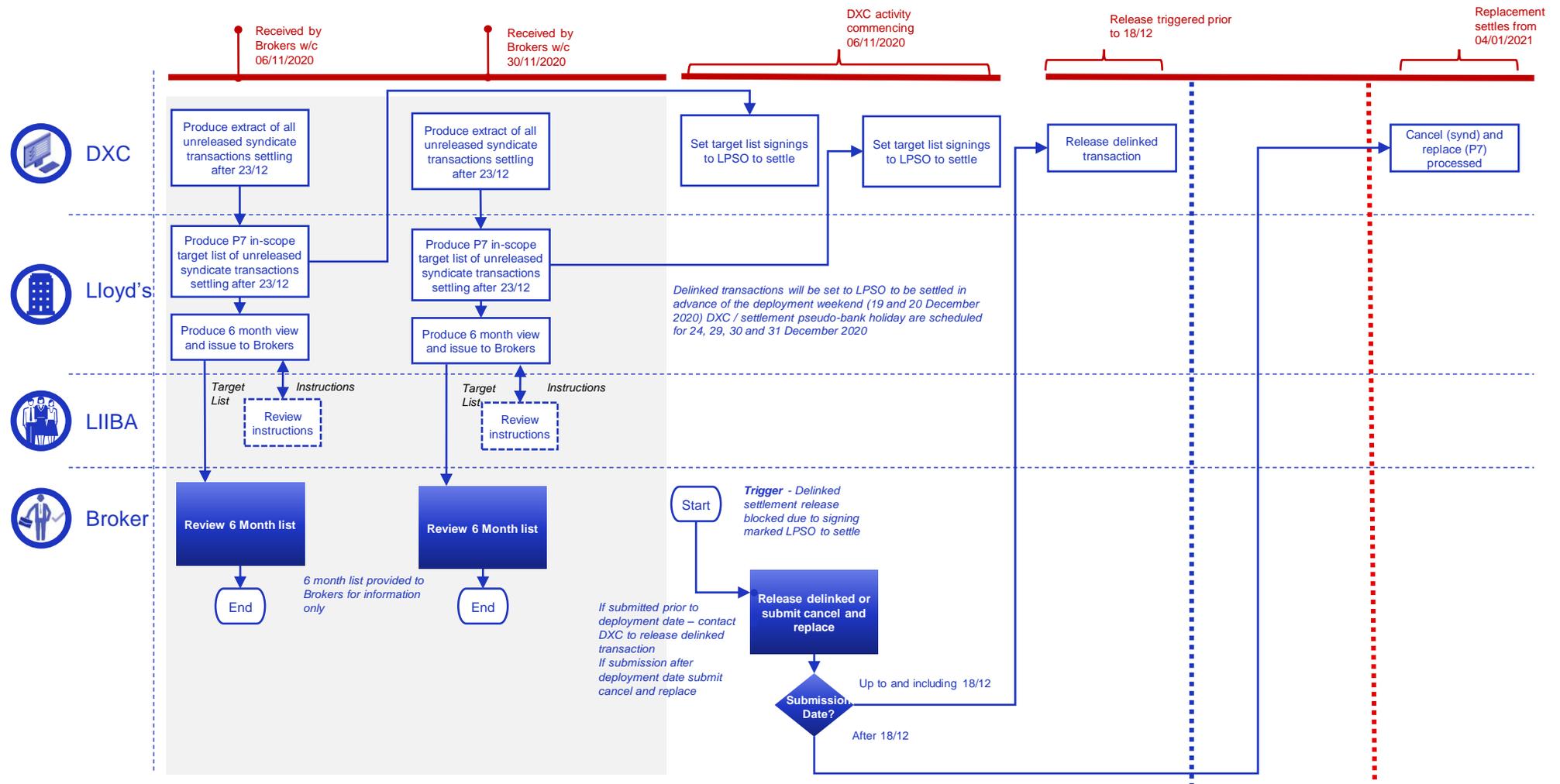


Broker



Bureau

Delinked transactions that were set up prior to the Part VII scheme effective date, but are released after the scheme effective date require intervention, in order to prevent these monies from moving into Syndicate London bank accounts rather than the Part VII Settlement accounts



Deferred process

Process Steps



MA / Syndicate

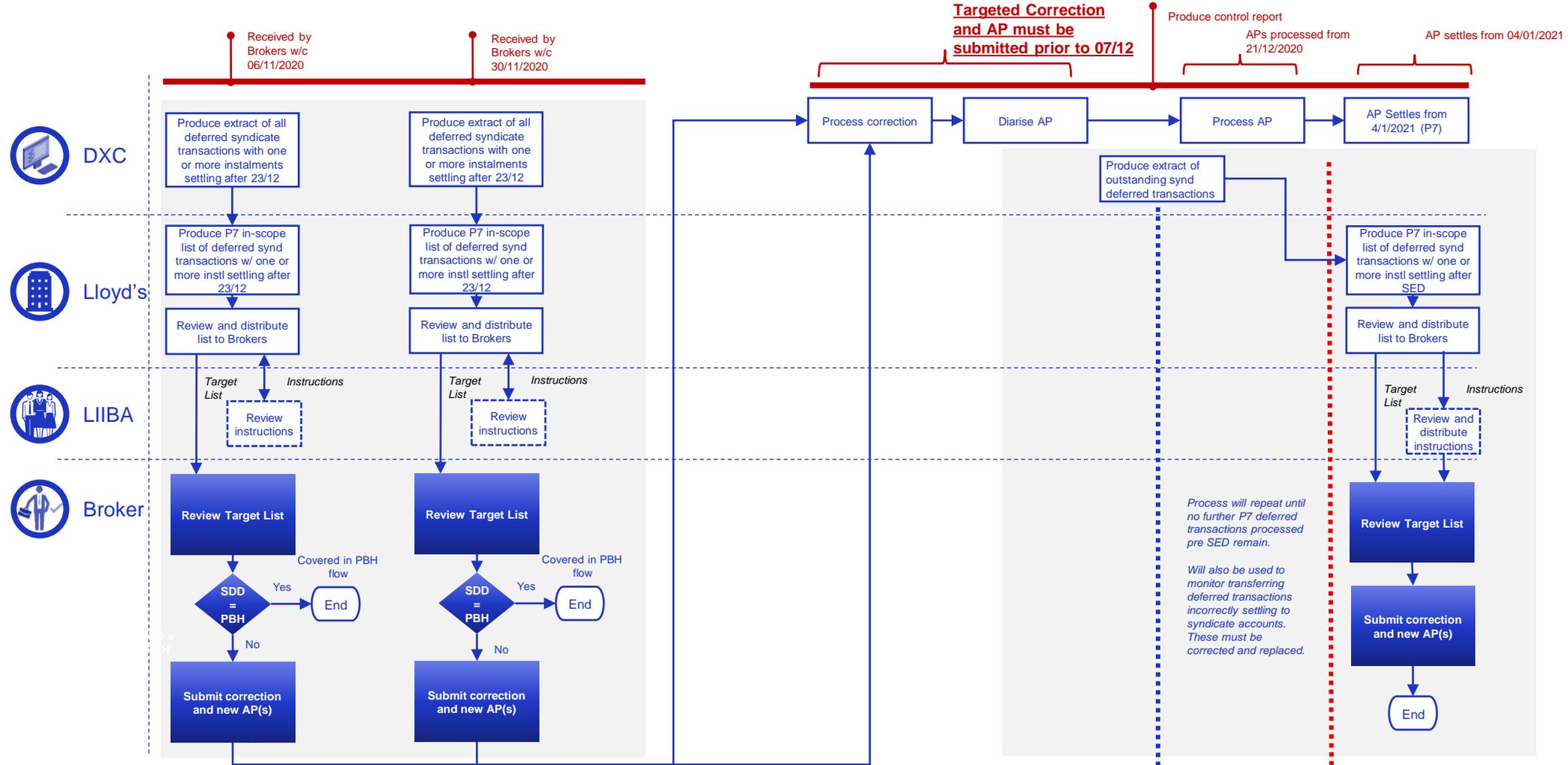


Broker



Bureau

Deferred transactions that were signed prior to the Part VII scheme effective date, with one or more instalments due to settle after the Scheme Effective Date require intervention, in order to prevent these monies from moving into Syndicate London bank accounts rather than the Part VII Settlement accounts



Newly Identified



Hyperlink



MA / Syndicate



Broker



Bureau



The Master List will not be maintained after the Scheme Effective date – with the exception of the one-time fix, see [here](#)



However, in rare instances, any transactions that are processed by the Bureau after the scheme effective date which are associated with signings which are not on the Master List will form a 5th transferring category – “Newly Identified”



Newly identified policies should be minimal, as the Part VII Programme has sourced the input data that has been sent to all MAs for the data refresh from Bureau data and there will be a “delta refresh” using recently processed signings that fall within Part VII scope, shortly before / after scheme effective date

The Part VII Transfer Scheme document requires:

1. Transferring policies or parts thereof:

Master List signings with a Transferring Status will transfer, unless there is an agreed error that needs to be corrected because the signing neither: (i) relates to an EEA Risk; nor (ii) was issued to or is held by an EEA Policyholder

2. Mixed/Unknown policies or parts thereof:

Master List signings with a Mixed or Unknown Status will transfer if they either relate to EEA situs risk as been issued to or is held by an EEA Policyholder (established by the triage process)

3. Newly Identified policies or parts thereof:

*Newly Identified policies or parts thereof exist because they are not on the Master List. These signings transfer if, immediately after the Transition End Date they require an insurer authorised by an EEA regulator to carry out or service that policy or part thereof. Note: for Newly Identified policies or parts thereof **only** the transferring criteria focusses on the requirement for an EEA authorised insurer to service the policy rather than the wider definition which applied to all other scenarios*

Triage Approach for Newly Identified signings

The MRC Regulatory Risk Location field/Risk Location defines the regulatory risk location and must be determined prior to completion of the contract. This field is used to determine FIL Code 1 or FIL Code 2 by the Bureau

Therefore, an EEA FIL Code or a risk which fits the Monaco definition will be the sole determinant of Part VII transferring status of newly identified signings

Unidentifiable German Reinsurance



MA / Syndicate



Lloyd's Europe

Germany is not a country for which separate reinsurance LPANs are required e.g. in a global reinsurance contract, German exposure is not required to be identified via a specific FIL code or any other structured data. However, this issue is considered very small - further context and recommendation is detailed below:



1. A reinsurance global contract is a reinsurance contract that covers insurance companies / cedants located in more than one country



2. Lloyd's guidance issued 27 January 2014 (Lloyd's Market Bulletin Y4763), identified those territories for which separate LPANs are required for reinsurance global contracts. **Germany is not a country for which separate LPANs are required in respect of reinsurance, i.e.**

- i. If the main named reinsured is outside of Germany, but a German reinsured is covered, either named or unnamed, the Bureau would not query for a separate German LPAN, and any premium relating to German location of risk would be unidentifiable within another territory's LPAN and would therefore receive a non-German FIL code

Note – this only relates to Reinsurance signings; Direct signings are always split down to each EEA country



3. It is understood that while this situation is possible, it is rare in practice. European reinsurance exposures are generally split out individually (resulting in individual signings with their own FIL codes)



4. It is understood that in the small number of cases where there is a signing for a non-German prime cedant, but with some "local" German exposure unidentifiable within the signing, premiums would generally be paid centrally and claims would be paid to the **prime** cedant (not the German entity), then dispersed centrally – therefore there is a low chance of interaction with the German entity in these cases



Recommendation

- a. Due to the predicted low instances of unidentifiable German Reinsurance, the fact they are often split out individually (point 3 above) and that servicing is generally conducted via the non-German prime, (point 4 above) **it is recommended that there are no changes to current procedures/processing in respect of German Reinsurance**

DXC end of day reports (1/4)



Hyperlink



MA / Syndicate



Broker



Bureau



DXC are producing five end of day reports which will:

- Provide Managing Agents and Brokers information to identify and reconcile Part VII transactions
- Aid Managing Agents in identifying non-transferring transactions that potentially should be classified as transferring

A description of each end of day report is provided in the table below and [here](#)

The data fields that are provided in the DXC end of day reports are shown [here](#)

Code	Report Title	Report Description
DS1222	End of day reports – Premium	As part of the Lloyd’s Europe Part VII solution DXC end of day reports will be distributed to MAs/Syndicates and Brokers providing Part VII transactions. The end of day reports will be on a month to date basis (e.g. daily movements added to the previous day’s report within each transaction period)
DS1223	End of day reports – Claims	
		<p>The DXC end of day reports will enable identification and reconciliation of Part VII transactions ahead of monthly Lloyd’s Europe operational data submissions</p> <ul style="list-style-type: none"> • Frequency: Daily (cumulative month to date) • Delivery method: E-mail • File format: .csv
DS1258	Contra’s / correction / cancellation	<p>This report supports the identification of premiums signed prior to the DXC Part 7 code deployment (21/12/2020) which have been subject to a contra / correction / cancellation since the Part 7 code deployment and in scope / potentially in scope of the Part 7 transfer. Contras / corrections / cancellations of premiums signed prior to the code deployment will have a ‘Not Transferring’ status.</p> <p>This follows the same format as DS1222, with the addition of all contras / corrections / cancellations processed that day and that were originally signed prior to the Part 7 code deployment (21/12/2020), with a Master List status of T, or M/U with an EEA FIL code</p> <ul style="list-style-type: none"> • Frequency: Daily (cumulative month to date)* • Delivery method: E-mail • File format: .csv <p>• Note: DXC do not process contra / correction transactions on claims, therefore there is no claims equivalent of this report</p>

DXC end of day reports (2/4)



MA / Syndicate



Broker



Bureau

Code	Report Title	Report Description
DS1259	Suspect non-transferring (premium)	<p>A feedback loop for MAs/Syndicates has been requested to identify “suspect” non-transferring transactions. This will be based on DS1222 format, but with the following additional selection criteria - Only if transaction transferring status is Non-Transferring and contains an EEA FIL code</p> <p>DXC will produce a daily report of all premium signings that were processed as non-transferring but contain an EEA FIL code</p> <ul style="list-style-type: none"> • Frequency: Daily (cumulative month to date)* • Delivery method: E-mail • File format: .csv
DS1260	Suspect non-transferring (claims)	<p>A feedback loop for MAs/Syndicates has been requested to identify “suspect” non-transferring transactions. This will be based on DS1223 format, but with the following additional selection criteria - Only if transferring transaction status is Non-Transferring and an EEA FIL code</p> <p>DXC will produce a daily report of all XCS CLASS movements that were processed as non-transferring but contain an EEA FIL code</p> <ul style="list-style-type: none"> • Frequency: Daily (cumulative month to date)* • Delivery method: E-mail • File format: .csv

Managing Agents / Brokers are required to subscribe to each report to receive them by emailing sm.business.intelligence@dxc.com to request subscription; within each email please quote:

- Original syndicate number / CSN number
- Report number (DS xxxx)
- MA code (if applicable)
- Recipient email addresses

The DXC end of day reports were developed and co-ordinated by the Part VII Programme to ensure they are fit for purpose and aligned to the Part VII operating model. Any further changes should be raised directly with DXC

DXC end of day reports (3/4)



MA / Syndicate



Broker



Bureau

The following table shows the data fields that are provided in the DXC end of day reports - DS1222, DS1223, DS1258, DS1259 and DS1260

Additional data fields will be available from 12 April, 2020

DS1222 Premiums		DS1223 Claims	
Carrier & Lloyd's & Broker		Carrier & Lloyd's & Broker	
SND	FIL Code 3	UMR	FIL Code 2 Description
Signing Number	FIL Code 3 Description	UCR	Year of Account
Signing Data	Actual Payment Date	BPR	Settlement Currency
Version Number	Settlement Currency	COR	Settled this time – Indemnity (Settlement ccy – Synd Share)
OSND	Net Settlement Amount (Syndicate share, Settlement ccy)	Movement Reference	Settled this time – Fee (Settlement ccy – Synd Share)
Original Signing Number	Original Currency	OSND	Original Currency
Original Signing Date	Net Settlement Amount (Syndicate share, Original ccy)	Original Signing Number	Settled this time – Indemnity (Original ccy – Synd Share)
UMR	Paid by Cheque Indicator	Original Signing Date	Settled this time – Fee (Original ccy – Synd Share)
Syndicate Number	Broker Reference 1	Take Down Date & Number	Trust Fund Code
Syndicate Reference	Processing Date	Signing Number	Cause Code
Business Category	Delink Code	Signing Date	Broker Reference 1
Slip Type	Broker Code	Syndicate Number	Broker Code
Year of Account	Broker Reference 2	Lloyd's Lead Syndicate Number	Broker Contact Name
Trust Fund Code	Master List Status	Syndicate Reference	Broker Reference 2
FIL Code 1		Slip Type	Actual Payment Date (from CLM USM on the same SNAD)
FIL Code 1 Description		FIL Code 1	SCM Advised Date
FIL Code 2		FIL Code 1 Description	Master List Status
FIL Code 2 Description		FIL Code 2	

DXC end of day reports (4/4)



MA / Syndicate



Broker



Bureau

The following table shows the data fields that are provided in the DXC end of day reports - DS1222, DS1223, DS1258, DS1259 and DS1260

Additional data fields will be available from 12 April, 2020 for DS1258 and from 19 April for Ds1259 and DS1260

DS1258 - Contra's / correction / cancellation		DS1259 - Suspect non-transferring (premium)		DS1260 - Suspect non-transferring (claims)	
Carrier & Lloyd's	Carrier & Lloyd's	Carrier & Lloyd's	Carrier & Lloyd's	Carrier & Lloyd's	Carrier & Lloyd's
SND	FIL Code 2	SND	FIL Code 2	UMR	FIL Code 2
Signing Number	FIL Code 2 Description	Signing Number	FIL Code 2 Description	UCR	FIL Code 2 Description
Signing Date	FIL Code 3	Signing Date	FIL Code 3	BPR	Year of Account
Version Number	FIL Code 3 Description	Version Number	FIL Code 3 Description	COR	Settlement Currency
Instalment Number	Actual Payment Date	Instalment Number	Actual Payment Date	Movement Reference	Settled this time – Indemnity (Settlement ccy – Synd share)
OSND	Settlement Currency	OSND	Settlement Currency	OSND	Settled this time – Fee (Settlement ccy – Synd share)
Original Signing Number	Net Settlement Amount (Syndicate share, Settlement ccy)	Original Signing Number	Net Settlement Amount (Syndicate share, Settlement ccy)	Original Signing Number	Original Currency
Original Signing Date	Original Currency	Original Signing Date	Original Currency	Original Signing Date	Settled this time – Indemnity (Original ccy – Synd Share)
UMR	Net Settlement Amount (Syndicate share, Original ccy)	UMR	Net Settlement Amount (Syndicate share, Original ccy)	Take Down Number and Date	Settled this time – Fee (Original ccy – Synd Share)
Syndicate Number	Paid by Cheque Indicator	Syndicate Number	Paid by Cheque Indicator	Signing Number	Trust Fund Code
Syndicate Reference	Broker Reference 1	Syndicate Reference	Broker Reference 1	Signing Date	Cause code
Business Category	Processing Date	Business Category	Processing Date	Syndicate Number	Broker Reference 1
Slip Type	Delink Code	Slip Type	Delink Code	Lloyd's Lead Syndicate Number	Broker Code
Year of Account	Broker Code	Year of Account	Broker Code	Syndicate Reference	Broker Reference 2
Trust Fund Code	Broker Reference 2	Trust Fund Code	Broker Reference 2	Slip Type	Actual Payment Date (from CLM USM on the same SNAD)
FIL Code 1	OSND Master List status	FIL Code 1	OSND Master List status	FIL Code 1	SCM Advised Date
FIL Code 1 Description		FIL Code 1 Description		FIL Code 1 Description	

Broker Code Approach



MA / Syndicate



Broker



Bureau

Every intermediary that works with Lloyd's Europe must have the relevant required permissions to write and administer businesses in the EEA, as per EIOPA's Recommendation 9. Complying with this requirement will require Brokers to conduct a series of activities that will vary on a case by case basis.

Where Brokers are required to use a European authorised broker to service Lloyd's business administered via the Bureau, then the following process should be used to enable the "new" European Broker the ability to service the business without impacting policy referencing



Required process

Brokers include their EEA broker code in the same network security group as their London code. This removes the need to carry out a Mid-term broker change and enables the brokers to manage the process via their internal network security administrator



Options considered and rejected

Under the standard MTBC process, only one broker code can have access to a UMR at a time. On mixed EEA and non-EEA binding authorities, if different broker numbers needed access, and the MTBC route was chosen, the UMR would need to be transferred back and forth.

The **same UMR and OSNDs** can be **retained** (LPANs using the EEA broker code can be signed against a OSND set up by the London code without the need for new FDOs to be set up).

Broker Code

Assumptions / Scenarios



MA / Syndicate



Broker



Bureau

Assumptions:

- 1 Brokers have a clear understanding of the definition of required authorisations needed to administer European / non-European business and have made the necessary organisational changes
- 2 It is acknowledged that regulations and scope on intermediation authorisation (incl. EIOPA Recommendation 9) are not the same as the segmentation and triage rules for Part VII transferring business

Scenarios:

UMR Status	Broker Location	Action(s)
EEA (within relevant definition)	EEA	No action required
EEA (within relevant definition)	London / UK	Add authorised Broker to Network Security Group
Mixed (incl. wholly EEA signing)	London / UK	Add authorised Broker to Network Security Group. No mid-term broker change to be processed, original UMR and OSND to be retained
Mixed (with existing claim including EEA losses)	London / UK	Add authorised Broker to Network Security Group. No mid-term broker change to be processed, original UMR and OSND to be retained EEA + non-EEA losses within UCR → second UCR to be created resulting in EEA and non-EEA UCRs
Non EEA	N/A	No action required

Impact of Recommendation 9 for Part VII - Orphaned Coverholders (1/4)



CH / DCA



MA / Syndicate



Broker



Bureau

Lloyd's EIOPA Recommendation 9

The adoption of EIOPA Recommendation 9 by European national regulators required Lloyd's Insurance Company S.A. (Lloyd's Europe) to make changes to the business it can accept through non-EU authorised intermediaries.

Recommendation 9 also has implications for the administration of business to be transferred to Lloyd's Europe pursuant to the Part 7 scheme effective 30 December 2020.

This section provides guidance on the impact of Rec 9 for Part VII, specifically on orphaned coverholders and the options for transferring the servicing of the business.

What is EIOPA Recommendation 9 and why is it required?

In February 2019, the European Insurance and Occupational Pensions Authority (EIOPA) published its 'Recommendations for the insurance sector in light of the United Kingdom withdrawing from the European Union'. Recommendation 9 in that document addresses firms carrying on distribution activities and provides that: "Competent authorities should ensure that all intermediaries carrying out distribution activities which target EU27 policyholders and EU27 risks fall under the scope of the IDD".

Based on EIOPA's interpretation of the Insurance Distribution Directive (IDD), Recommendation 9 has been taken as requiring EU national regulators to ensure that where both the risk location and the policyholder are located in the EU (cumulative test), this is referred to as impacted business. Then all intermediaries in the distribution chain must be authorised to undertake IDD activities by the appropriate EU regulatory authority.

While the EIOPA Recommendations are non-binding, member states are required to indicate whether they will comply and, if they do not intend to comply, to provide reasons for doing so. All member states, including the EEA countries of Norway, Iceland and Liechtenstein, have indicated that they will comply with Recommendation 9.

Impact of Recommendation 9 for Part VII - Orphaned Coverholders (2/4)

Implications of Recommendation 9 for intermediaries



CH / DCA



MA / Syndicate



Broker

The Impact to UK Authorised Intermediaries

- UK intermediaries that operated in the EU under EU passporting arrangements lost permission to carry on regulated activities within the EU. Similarly, EU firms currently operating in the UK under EU passporting lost their permissions when the transition period ended.
- While the UK's Financial Conduct Authority (FCA) put in place a Temporary Permission Regime as a simple mechanism to allow EU intermediaries to continue operating in the UK, no similar regime has been put in place for UK firms looking to continue operating in the EU. Therefore, in practice, UK authorised intermediaries were required to identify or otherwise establish EU authorised firms to take over their EU book of business to act as the intermediaries for Lloyd's Europe.
- As a result of Recommendation 9, there are a number of UK Coverholders and Brokers which were required to cease carrying on any activities that could fall within IDD and must ensure that the handling of their business has been transferred to an EU authorised firm.

For Part VII transferred business also impacted by Recommendation 9

- Policies that are in-scope, that have transferred under Part VII, and which are also 'impacted business' under Recommendation 9, which require IDD regulated activities to be undertaken must be administered by an EU authorised firm since 1 January 2021. This requires that EU authorised Brokers and Coverholders are appointed to take over the administration of all policies that are transferred as a result of Part VII.

Impact of Recommendation 9 for Part VII - Orphaned Coverholders (3/4)

IDD exemption - Claims management



CH / DCA



MA / Syndicate



Broker



Bureau

Who does this apply to?

- This is relevant for the administration of ongoing business and also for the servicing of business transferred as part of the Part VII scheme.

Background

The IDD provides that: “the management of claims of an insurance undertaking or of a reinsurance undertaking on a professional basis and loss adjusting and expert appraisal of claims” will not constitute insurance or reinsurance distribution.

A person who is managing claims, loss adjusting or undertaking expert appraisal should therefore not need to be authorised in the EEA under the IDD.

IDD does, however, allow discretion to member states on this, and the way in which the IDD has been implemented therefore differs between EU/EEA member states:

- some member states provide an exemption where the claims management activity is conducted by a person who only conducts claims management, loss adjustment and expert appraisal ('pure claims management exemption'); and
- some member states provide for an exemption from regulation for managing claims regardless of who is doing it ('claims management activity exemption').

Important note

Lloyd's Europe has undertaken a more detailed analysis of the authorisation requirements for intermediaries engaged in claims management in the EEA following the end of the transition period and in the event of a no deal and/or no equivalence scenario. Details can be found on the compliance officers e-alert issued on 9 December 2020

Impact of Recommendation 9 for Part VII - Orphaned Coverholders (4/4)

Orphaned Coverholders



CH / DCA



MA / Syndicate



Broker



Bureau

What is an Orphaned Coverholder or Binding authority?

- Where a coverholder is unable to service a risk associated with a binder that has transferred to Lloyd's Europe under Part VII, the coverholder and or binding authority will be deemed as 'orphaned'. A coverholder may not be able to service a risk for a number of reasons:
 - the risk is impacted by recommendation 9;
 - the entity undertaking the claims management activity is not exempt from the IDD; or
 - the coverholder would be undertaking IDD activities which it is no longer authorised to undertake
- Where a coverholder or binding authority is 'orphaned' an EEA authorised entity must be appointed to service the binder.

Solutions to the orphaned coverholder problem

Lloyd's has worked closely with the Managing agents to identify the orphaned binding authority population. To ensure that, following the end of the Brexit transition period, all managing agents will have appropriate arrangements in place for the servicing, by properly authorised firms, of EU binding authorities being transferred as part of the proposed Part VII arrangement. With Managing agents specifying how each of the identified binding authorities transferring will be serviced in compliance with IDD following the Part VII transfer and the end of the Brexit Transition period.

Several options are available to the Market for managing the servicing of EU binding authorities transferred as part of the Part VII scheme. One or more of them could be used by each Managing agent. This is not an exhaustive list:

- the orphaned coverholder establishes an EU authorised firm to take over their EU book of business and act as the intermediaries for Lloyd's Europe;
- a UK or EEA authorised Delegated Claims Administrator (DCA) is appointed to manage the claims activity;
- orphaned business is transferred to a Managing Agent's EEA authorised Service company; or
- a third party EEA authorised coverholder approved by Lloyd's Europe is utilised to service the orphaned business.

Data Incidents (1/2)



MA / Syndicate Lloyd's Europe

Lloyd's Europe will be performing certain operational checks on a recurring basis on the data that Managing Agents will be submitting to them via the MDC Part VII returns in order to ensure the completeness, accuracy and timeliness of the Part VII Book of Record. As a result of these, Lloyd's Europe will be sharing reports back to the Managing Agents containing data items that require investigation and/or action.

If any data incidents occur by Lloyd's Europe as a result of this process (e.g. sharing of data with incorrect Managing Agent), Lloyd's Europe has in place the two following formal processes

1. Risk Incident Reporting procedure
2. Data Incident Management procedure

Depending on the type of incident (e.g. the nature, sensitivity, quantity of the data that have been shared and with whom), the appropriate action will be determined by a team set up for the purpose.

Potential actions that could be taken:

1. The Lloyd's Europe team owning the process under which the incident occurred notifies the party with whom the data had been shared incorrectly, informing them that it was done in error and ask the party to:
 - a. Delete the data, and
 - b. Confirm that they had not acted on the data, and
 - c. Confirm deletion
2. A root cause analysis would be performed, and preventative actions would be established as appropriate (e.g. review & update contact lists, review & update SOPs, training of staff that performed the error etc.)
3. In serious cases, Lloyd's Europe Data Protection Officer is informed and they will inform (under Article 33 GDPR) the Data Protection Authority. In particularly serious cases (under Article 34 GDPR) the Data Subjects (e.g. policyholders) whose data have been improperly shared will be informed.

Note: In cases involving personal data, the Data Protection Officer of Lloyd's Europe would always be informed and they would be also involved in determining the seriousness of any data incident and in particular if there had a been a "Personal Data Breach" (a GDPR defined term) and whether the breach needs reporting as set out above.
4. Further reporting and escalations, if required.

Data Incidents (2/2)



MA / Syndicate

Lloyd's Europe

To reduce the risk and the impact, Lloyd's Europe takes the following actions:



Lloyd's Europe tends to refrain from sending Managing Agents any personally identifiable information such as (Re)Insured Names, Addresses or Dates of Birth.



Instead, Lloyd's Europe communicates back to Managing Agents data such as UMR, UCR, Risk Codes, FIL Codes, Inception / Expiry Dates etc.



Lloyd's Europe also has technology in place which identifies if potentially sensitive information is shared by email with people outside the organization, warns the sender and can in certain cases block the message or attachment from being delivered, in line with the organisation's policy.

Should Managing Agents become aware of an incident, or potential incident, concerning Lloyd's Europe Part VII processes and data (however caused), they are asked to take the following actions:



Managing Agents should notify without delay the Lloyd's Europe Data Protection team at LloydsEurope.DataProtection@lloyds.com. In addition, they should notify the relevant Lloyd's Europe team and Part VII contact depending on the situation.

The notification to Lloyd's Europe should not replace any internal reporting & management process that the Managing Agent should follow.

Stamping Endorsements



MA / Syndicate



Broker



Bureau



Part VII business should never be bound with a Lloyd's Insurance Company S.A. (Lloyd's Europe) stamp – the Part VII transfer will novate these policies to Lloyd's Europe by virtue of the scheme document.



For any EEA endorsement, the current syndicate stamp should be used; this enables the endorsement to be correctly identified and processed by DXC.

Section 3: Data Submissions to Lloyd's Europe

Actions for Data Submissions (1/3)

What does each organisation need to do?



Action



MA / Syndicate



Broker



CH / DCA



Bureau

	MA / Syndicate	Broker	CH / DCA	Bureau
Initial Load Submissions	<ul style="list-style-type: none"> • Identification of Part VII policies within PAS, based on the Master List distributed by the Part VII Programme • Provide onboarding initial load data from June 2020 • Provide pre Scheme Effective Date initial load data in December 2020 for use in Bureau and LIC production systems and processes • Provide initial load data shortly after Scheme Effective Date • Provide Initial load catch-up data, if relevant, after the transfer date • Respond to all queries or feedback from Lloyd's Europe and rectify any data quality issues as and when required 	N/A	N/A	<ul style="list-style-type: none"> • The Bureau in the period immediately before the transfer, will execute an internal "behind the scenes" bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies using the Initial Load open claims data provided by Managing Agents - noting that there are no Part VII update messages being sent to MAs at this stage
Monthly Extract Submissions	<ul style="list-style-type: none"> • MAs / Syndicates are required to submit the monthly Part VII extracts to Lloyd's Europe within 10 working days after the end of the transaction month • Respond to all queries or feedback from Lloyd's Europe and rectify any data quality issues as and when required 	N/A	N/A	N/A

Actions for Data Submissions (2/3)

What does each organisation need to do?



Action



Hyperlink



MA/ Syndicate



Broker



CH / DCA



Bureau

	MA / Syndicate	Broker	CH / DCA	Bureau
Bureau Premium (Transferring status on Master List)	N/A	N/A	N/A	<ul style="list-style-type: none"> The Bureau will add a Part VII indicator in USMs and the end-of-day reports used by the syndicates
Bureau Claims (Transferring status on Master List)	N/A	N/A	N/A	<ul style="list-style-type: none"> The Bureau will add a Part VII indicator in USMs/SCMs and the end-of-day reports used by the syndicates
Treatment of unknown and mixed signings on Master List	N/A	<ul style="list-style-type: none"> In cases where the documentation is ambiguous (e.g. incomplete slip), the Broker will need to provide further advice / information in response to a query raised by the Bureau Technician to enable Part VII triage 	N/A	<ul style="list-style-type: none"> For 'unknown' and 'mixed' scenarios, the Bureau will manually triage the claim/ premium transaction based on information available and may need to raise questions with the Broker
Treatment of newly identified signings (i.e. risks not on Master List)	N/A	<ul style="list-style-type: none"> For 'newly identified' scenarios, the broker support for the triage approach can be found on this slide 	N/A	<ul style="list-style-type: none"> For 'newly identified' scenarios, the triage approach can be found on this slide

Actions for Data Submissions (3/3)

What does each organisation need to do?



Action



Hyperlink



MA/ Syndicate



Broker



CH / DCA



Bureau

	MA / Syndicate	Broker	CH / DCA	Bureau
Non-Bureau Premium Processing	<ul style="list-style-type: none"> MA / Syndicates need to perform Part VII look-up using the Master List and triage process using the Triage Rules for Mixed / Unknown and newly identified signings on the Master List Syndicates to prepare the Part VII monthly extract and include the non-bureau Part VII premium transactions for Lloyd's Europe 	N/A	N/A	N/A
Non-Bureau Claim Processing	<ul style="list-style-type: none"> MA / Syndicates need to perform Part VII look-up using the Master List and triage process using the Triage Rules for Mixed / Unknown and newly identified signings on the Master List MA / Syndicates to prepare the Part VII monthly extract and include the non-Bureau Part VII claim transactions for Lloyd's Europe 	N/A	N/A	N/A

Rationale for Part VII Data Submissions

Why does Lloyd's Europe need Part VII data?



MA / Syndicate Lloyd's Europe

Lloyd's Europe, as the insurance company for the Part VII business, must be compliant with all relevant laws and regulations. Obtaining and processing the relevant data is fundamental for required operational activity

1. Book of record

Maintain a full book of record at the transfer date and to capture ongoing updates on Premiums and Claims

2. Reporting

Meet the obligation to carry out the following categories of external reporting, all of which will necessitate the collection of Part VII data. These include:

- Statutory Reporting (e.g. Financial Statements)
- Regulatory Reporting (e.g. Solvency II)
- Statistical Reporting (e.g. Foreign Activities Report as required by the National Bank of Belgium)
- Tax Reporting (e.g. VAT on claim fees)

3. Processes

Key processes include complaints management (but not limited to this process)

Part VII Data Submissions

Overview of Submission Principles



Hyperlink



MA / Syndicate



Lloyd's Europe

Part VII data extracts will be prepared and submitted in accordance with a set of key principles listed below

How will data be submitted and validated?

- MAs will be required to submit premium and claims data separately for each syndicate bank account group (and not per unique syndicate)
- MAs will be required to submit data for all transactions and methods of placement for each syndicate i.e. MA submissions will include DA and DCA administered business
- A submission portal will be used for the initial and monthly load of data (see [Data Consumption / Data Quality \(DC/DQ\) Tool](#) for further details)
- Data quality checks will be carried out by the Market Data Collections (MDC) at the point of submission

What level of data will be submitted?

Area	Detail
1. What is the level of data required in Part VII submissions to Lloyd's Europe?	Each line item must be reflective of movements / changes at transaction level. Using Gross Additional Premium (AP) as an example, if there were 3 APs in a given month, these must be expressed in 3 different lines rather than aggregated.
2. How do we define 'transaction' for the purpose of Part VII submissions?	A transaction arises when one of the following has occurred: <ol style="list-style-type: none"> Financial, cash movement (e.g. Gross premium received this transaction) Financial, non-cash movement (e.g. Gross additional/return premium amount) Financial non-cash dimension change (e.g. Sum insured updated) Non-financial dimension change (e.g. Insured Name updated)
3. Do all transactions relating to a change on a monetary value field need to be expressed as a 'delta' or a revised total position?	Fields typically expressed in the form of a monetary value fall into two categories. These are specified within the Data Dictionary. <ol style="list-style-type: none"> Delta – The number reflects the <i>change in value</i> only e.g. AP/RP, Claim Paid this Transaction Total position – The number reflects the <i>absolute value</i> inclusive of the latest change in value, if relevant. E.g. Total Claims Outstanding Amount, month on month, may go from €10k to €9k in the case of a Claim Paid this Transaction of €1k Note that the application of the correct signage rules, as specified in the Data Dictionary, is essential.

Summary of Data Requirements

Premium



Hyperlink



MA / Syndicate



Lloyd's Europe

The scope of the **Premium** data submissions will include the following:

- All active, transferring policies as well as expired policies with an open claim
 - A policy is defined as active if it has not expired or has outstanding premium yet to be collected (see [Part VII Operational Data Model Detailed Guidance v9.0](#) for further details on each Method of Placement)
- Bureau, Lloyd's Direct Reporting and Non-XIS processed policies
- All direct insurance
- Inward re-insurance (Cedant domiciled in Germany per [the Scope of the Part VII Transfer](#) slide in Section 1) - this includes all Treaty & Facultative, Proportional & Non-Proportional forms of RI

Premium Field Category	Example of fields
Policy information	Unique Market Reference Syndicate number Lloyd's broker code Type of Insurance Year of Account FIL Codes 1 & 2 - Premium and Regulatory risk location – Premium
Insured party information	Insured or reinsured Full Name, Last Name or Company Name Insured or reinsured Domicile Country Insured or reinsured address
Premium values	Gross Premium, Gross Premium Received to Date, Gross Premium Received this Transaction Net Premium, Net Premium Received to Date, Net Premium Received this Transaction Total Deductions, Brokerage % of Gross Premium, Coverholder Commission % of Gross Premium
Premium transaction references	Original Signing Number and Date Signing Number and Date Transaction Date Premium Type

Summary of Data Requirements

Claim



Hyperlink



MA / Syndicate



Lloyd's Europe

The scope of the Claims data submissions will include the following:

- All open, transferring claims
 - Claims are deemed to be open where their status is marked as 'Open' and/or have an outstanding indemnity/fee value of higher than zero (see [Part VII Operational Data Model Detailed Guidance v9.0](#) for further details on each Method of Placement)
- Bureau, Lloyd's Direct Reporting and Non-XIS processed claims
- All direct insurance
- Inward re-insurance (Cedant domiciled in Germany per [the Scope of the Part VII Transfer](#) slide in Section 1) - this includes all Treaty & Facultative, Proportional and Non-Proportional forms of RI

Claim Field Category	Example of fields
Policy / Claim information	Unique Market Reference Syndicate number Lloyd's broker code Type of Insurance Year of Account FIL codes 1 & 2 - Claim and Regulatory risk location – Claim
Claimant information	Claimant Full Name, Last Name or Company Name Claimant Date of Birth / Date of Incorporation Claimant Country
Claim values	<ul style="list-style-type: none"> • Indemnity: Total Claims Paid to date, Claim Paid this Transaction, Total Claims Outstanding amount, Total Claims Incurred amount • Fees (inc VAT) : Total Claims Paid to date, Claim Paid this Transaction, Total Claims Outstanding amount, Total Claims Incurred amount
VAT on claim fees	VAT paid on fees – Claim Paid this Transaction
Annuity claim information	Duration of annuity claims Discounted best estimate annuity claim provision Undiscounted best estimate annuity claim provision Benefit amount Gender of claimant

Part VII Data Model

Overview of structure and content



MA / Syndicate | Lloyd's Europe

The Part VII Data Model file contains a number of tabs. The purpose of each is outlined as follows:

Data Model	Provides the full list of data fields, allocated to each Premium/Claim submission file
Data Dictionary	Sets out the definitions, data type, data format and submission rule for each field (e.g. Mandatory, Conditional etc.)
Submission Rules	Explains the submission rules in greater detail (e.g. a field is conditional where Binder is the Method of Placement)
Reference Data Sources	Provides a breakdown of the reference data sources for all relevant fields
Reference Data	Shows a pre-defined list of reference data values for a subset of fields (e.g. Type of Insurance)

Preview of the Data Model tab:

Field Ref (updated)	Field Pseudonym	Field Name	Category	Dimension or Measure	Cash/Non cash transaction (LB Accounting)	Initial Load - Premium Master Level Lead / Follow	Initial Load - Premium Master Level Supplementary Lead only
PVII_001	UMR	Unique Market Reference	Policy Information	Dimension	NC	Y	Y
PVII_002	CRR	Carrier Reference	Policy Information	Dimension	NC	Y	Y
PVII_003	CER	Declaration certificate reference	Policy Information	Dimension	NC		
PVII_004	CHN	Coverholder name	Policy Information	Dimension	NC		Y
PVII_005	UCR	Unique Claim Reference	Claim Information	Dimension	NC		
PVII_006	COR	Claim Office Reference	Claim Information	Dimension	NC		
PVII_007	MCR	Carrier Claim Reference	Claim Information	Dimension	NC		
PVII_008	CHCR	Coverholder Claim Reference	Claim Information	Dimension	NC		
PVII_009	OSND	Original Signing Number & Date	Transaction Details	Dimension	NC	Y	Y
PVII_010	SNAD	Signing Number & Date	Transaction Details	Dimension	NC	Y	Y
PVII_011	SYN	Syndicate number	Policy Information	Dimension	NC	Y	Y
PVII_012	LSYN	Lloyd's bureau leader syndicate number	Policy Information	Dimension	NC	Y	
PVII_013	LBC	Lloyd's broker code	Policy Information	Dimension	NC		Y
PVII_014	LBP	Lloyd's broker pseudonym	Policy Information	Dimension	NC		Y
PVII_015	TPM	Transaction Processing Method	Policy Information	Dimension	NC	Y	Y
PVII_016	MOP	Method of Placement	Policy Information	Dimension	NC	Y	Y
PVII_017	CTT	Type of Insurance	Policy Information	Dimension	NC	Y	
PVII_018	RIT	Reinsurance basis	Policy Information	Dimension	NC	Y	

Updates to Part VII Declaration Level Data Requirements



MA / Syndicate Lloyd's Europe

During 2020, in response to MA queries on Declaration data submissions collated via the LMA, the Programme have made a number of changes to the Part VII Declaration data model. This reduced the number of fields required in the Premium and Claims Declaration Data Model.

In May 2021, Lloyd's Europe reviewed further the position related to the Declaration level data. The impact of the declaration simplification on the MDC submission was communicated with the market on Tuesday, 8 June.

The Premium Declaration requirements has been reviewed again in September 2021 – As a consequence, Managing Agent are no longer required to submit **premium** declaration data.

Simplification updated following market consultation

- **Premium Declaration** – Managing Agents are no longer required to submit premium declaration data. Therefore all premium declaration data files (initial load catch-up (if required) and Monthly load) should be submitted with nil returns for the premium declaration
- **Claims Declaration** – Claims declaration must still be provided to Lloyd's Europe. Tolerance rules restricting the use of default values are removed from relevant fields with the exception of the Claimant Name (warning)
- Declaration detective controls are de-scoped and will not be provided to Managing Agents

Overview of Data Submission Files



MA / Syndicate Lloyd's Europe

Initial Load

- The Initial Load is required by Lloyd's Europe to set up opening positions for Premiums and Claims
- The type of submission and the number of submissions required from each Syndicate will depend on whether they are acting as Lloyd's Bureau Lead or Follower on a given policy
- Master level submissions will be required from all participants whereas the Master level supplementary and Declaration level submissions will only be required from Lloyd's Bureau Leads
- The basis of this submission approach is that:
 - Lloyd's Bureau Leads typically hold a richer set of data - certain fields will only be required from the Leads for a policy/claim
 - Declaration level data is often available to Lloyd's Bureau Leads only

- A number of Managing Agents have contracted with DXC to use the BinderCloud service for provision of Part VII declaration level data. Lloyd's Europe does not provide support for the BinderCloud service
- The requirement to provide declaration data applies to all Managing Agents – many of whom are applying their own, or alternative market solutions

Submission File	High-level principles	Frequency	No. of fields	Lead	Follower
Master Agreement Level Initial load	<ul style="list-style-type: none"> Represents the opening position of premiums and claims as at transfer date Each Syndicate (whether Lloyd's Bureau Lead or Follower) submits data relating to their share of the policy or claim This will enable Lloyd's Europe to create the Part VII Book of Record On identification of Part VII policies and claims after the transfer date, there will be an opportunity to supply Master Agreement level initial load catch-up data 	One-time only (with onboarding iterations from June 2020)	Premium 60	✓	✓
			Claim 48		
Master Agreement Level - Supplementary Initial load	<ul style="list-style-type: none"> Supplementary to the Master Agreement level initial load required for reporting, tax, sanctions checking etc. Will include data which may not be available to Followers On identification of Part VII policies and claims after the transfer date, there will be an opportunity to supply supporting initial load catch-up data 	One-time only (with onboarding iterations from June 2020)	Premium 31	✓	✗
			Claim 53		
Declaration Level Initial load	<ul style="list-style-type: none"> Only relevant to Delegated Authority business The Lloyd's Bureau Lead submits data at declaration level Represents the opening position at declaration level which is required for finance, reporting, tax, sanctions checking etc. Only claims declaration submissions are required since September 2021 	One-time only (with onboarding iterations from June 2020)	Premium 26	✓	✗
			Claim 32		

Overview of Data Submission Files



MA / Syndicate Lloyd's Europe

Monthly Load

- Monthly extracts will be submitted to Lloyd's Europe to reflect the changes and movements occurring following the initial load
- Each MA will be required to submit up to three files per Syndicate on a monthly basis. However, an initial load catch-up file would be needed if there is:
 - A new claim on a policy for which the MA had not previously submitted the policy information
 - A newly identified policy or claim which existed at the transfer date but was missed off the initial load

In these cases, an initial load catch-up file would be needed for the month.

Submission File	High-level principles	Frequency	No. of fields	Lead	Follower
Master Agreement Level Monthly extract	<ul style="list-style-type: none"> • Required for money movement & control, technical accounting processes • Cash transactions will be reported in the Master Agreement monthly extracts only • Each Syndicate (whether Lloyd's Bureau Lead or Follow) submits data relating to their share of the relevant transactions • Data submission will take place on a monthly basis • For Delegated Authority business, Lead and Follow Syndicates will both submit at the master agreement level (e.g. for binders, aggregated / bulked transactions at binder level) 	Monthly	Premium 63	✓	✓
			Claim 66		
Master Agreement Level - Supplementary Monthly extract	<ul style="list-style-type: none"> • Supplementary to the Master Agreement level monthly extract required for reporting, tax, sanctions checking etc. • Will include data which may not be available to Followers 	Monthly	Premium 35	✓	✗
			Claim 57		
Declaration Level Monthly extract	<ul style="list-style-type: none"> • Only relevant to Delegated Authority business • The Lloyd's Bureau Lead submits data at declaration level • Represents the monthly transactions at declaration level which is required for finance, reporting, tax, sanctions checking etc. • Only claims declaration submissions are required since September 2021 	Monthly	Premium 31	✓	✗
			Claim 32		

Data Consumption / Data Quality (DC/DQ) Tool



MA / Syndicate



Lloyd's Europe

Market Data Collections (MDC) configured for Part VII data submissions and with new capabilities, is utilised as the Data Consumption and Data Quality Tool for Managing Agents to submit all types of Part VII data submissions



Data quality checks take place at the point of upload for each submission, followed by business validations, which result in errors and warnings to be resolved by the MA, prior to official submission to Lloyd's Europe



Each data submission will only be accepted if the pre-defined data quality standards are met (i.e. errors are resolved) and all warnings have been reviewed and been responded to



Lloyd's Europe will conduct a further set of data quality checks on the submitted data – these are referred to as detective controls.



The further set of validations performed outside of the DC/DQ tool may prompt Lloyd's Europe to raise queries to Managing Agents for resolution

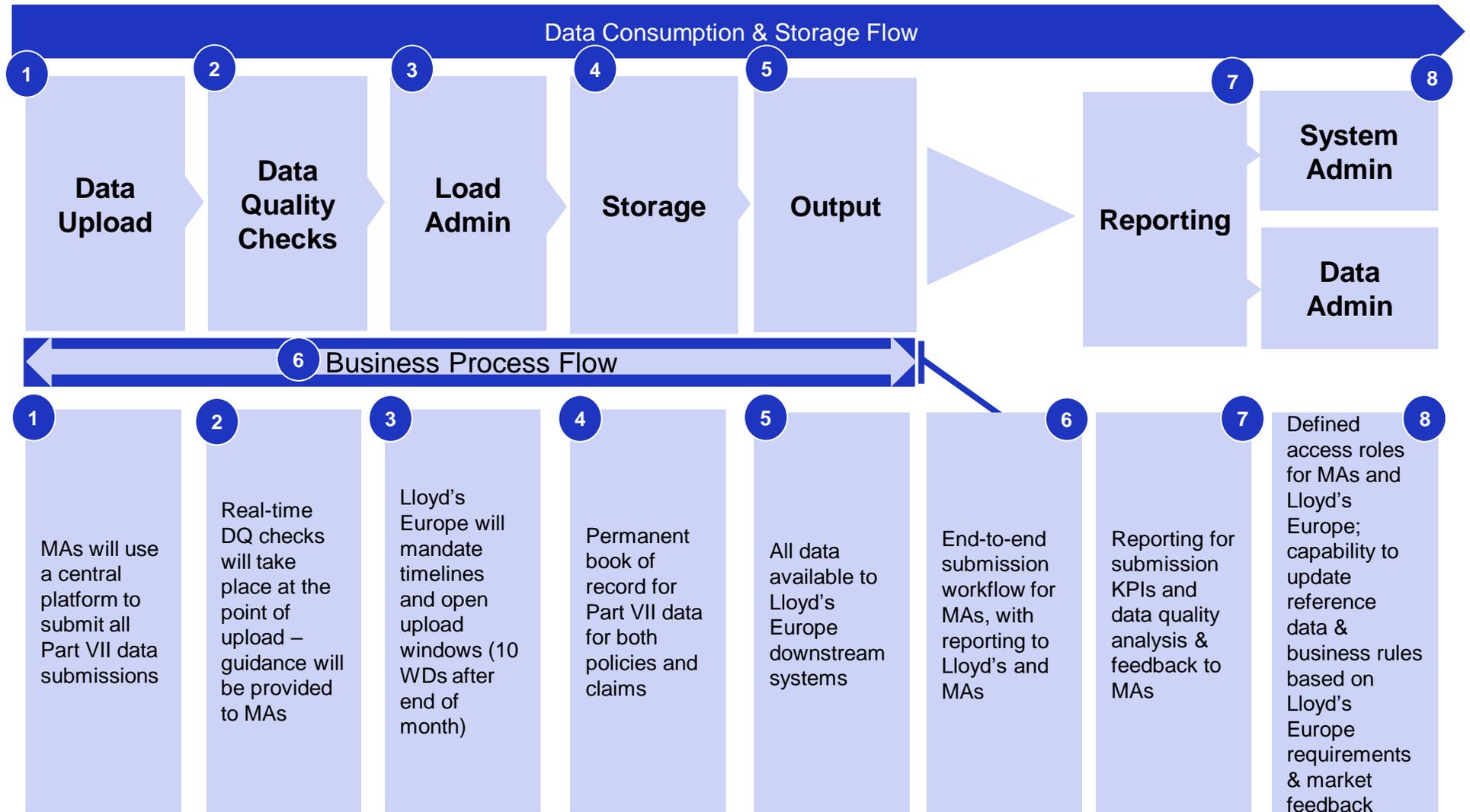


Data Consumption / Data Quality (DC/DQ) Tool

Overview of key capabilities of MDC and the Part VII Data Storage



MA / Syndicate | Lloyd's Europe



MDC Onboarding

Overview of onboarding guidance provided



Hyperlink



MA / Syndicate

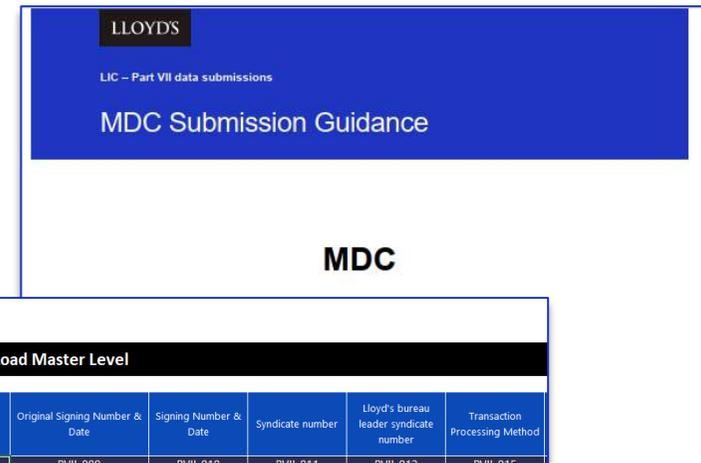


Lloyd's Europe

Part VII Programme has provided onboarding support to Managing Agents for MDC submissions from before the SED and until the Programme closure in November 2021

Submission support artefacts shared in the covering email:

- ✓ MDC Part VII technical submission guidance
- ✓ MDC Part VII technical FAQ
- ✓ [MDC submission demo video](#)
- ✓ Data Model and DC/DQ Rules v5.2
- ✓ Submission templates



LLOYD'S

110 - Risks/Premiums Initial Load Master Level

Unique Market Reference	Carrier Reference	Original Signing Number & Date	Signing Number & Date	Syndicate number	Lloyd's bureau leader syndicate number	Transaction Processing Method
PVIL_001	PVIL_002	PVIL_009	PVIL_010	PVIL_011	PVIL_012	PVIL_015
UMR	CRR	OSND	SNAD	SYN	LSYN	TPM

Example Data

B0901LP071799999	NW7000159999	67890 - 05/11/2007	67892 - 05/12/2007	S107	S107	XIS
B0789138PL99999	NW1000379999	89076 - 20/02/2013	89077 - 20/03/2013	S107	S107	Non-XIS
B1084TF159999X	NW4000369999	32567 - 11/12/2012	32568 - 20/12/2012	S107	S107	LDR
B0823CMPRR1399999	WP4000419999	85674 - 03/12/2013	85679 - 18/12/2013	S107	S107	(NONE)
B0509QB199999	DY0000479999	09846 - 30/12/2014	04846 - 30/11/2015	S107	S107	XIS
B0509QB199999	(NONE)	87326 - 30/12/2014	96326 - 23/12/2015	S107	S107	XIS
B0509QB199999	DY0000479999	98468 - 30/12/2014	99468 - 30/11/2015	S107	S107	XIS
(NONE)	(NONE)	NNNNN - 01/01/9999	NNNNN - 01/01/9999	S107	-1	(NONE)

CSV File Header

HEADER	PARTVII_INITIAL_MASTER	S107	2020	6	Premiums
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Full Market Data Onboarding

Timelines



Hyperlink



MA / Syndicate



Bureau



Lloyd's Europe



Ahead of the Transfer Date, onboarding activities will take place including submission of both Initial Load and Monthly data – these will be additional to the initial load at Transfer Date



Starting from June, iterations of Initial Load and Monthly load data will be submitted by Lead and Follow syndicates (for full timeline please refer to the [next slide](#))



This will provide assurance of the data submission processes, create an early Lloyd's Europe book of transferring open claims and live policies, and enable the creation of an open claims list to be provided to the Bureau for the bulk tagging of Part VII Claims.

Summary of the required activities for data submissions to Lloyd's Europe:



MDC Data Reconciliation

Review and reconciliation of market submitted data



MA / Syndicate



Lloyd's Europe

Reconciliation of MDC submissions vs expected position is underway and will continue up to late November / early December. The first round of feedback will be provided based on September submissions in early October, with the first round of MA remediation requested by 30 October.



The market submitted June month end Initial Load data at the end of July 2020 – this has been iterated by several MAs in August where reviews / remediations were requested, and is being further reviewed by the majority of MAs in this month's MDC submission window which closes on 2nd October, based on Programme feedback provided at the beginning of September



The Programme have created a reconciliation process that compares MA submissions to the estimated transferring position for open claims and active policies



The Programme will be providing the first round of feedback to every MA shortly after the completion of the September MDC submission window. The feedback will focus initially on Open Claims, however the feedback themes should also be applied to premiums.



The open claims feedback will be grouped into three areas of variance:

1. Open claims that are expected to be transferring but have not yet been submitted by MAs
2. Claims which have been submitted by MAs, but that are not expected to transfer
3. Claims which have been submitted by MAs, but which have a large variance to the expected outstanding position



Each MA will be provided with an individual email and details of the specific individual claims within each of the three variance areas described above (identified by COR and OSND). The Programme will schedule 1:1 review sessions with MAs with the largest variance to the expected position



All MA initial round feedback will be issued by 9 October – MAs will be requested to review the full details within the feedback and remediate all items within the October MDC submission window (19th to 30th October)



MAs are reminded that **all transferring open claims must be submitted** – including those with a Master List Transferring status and those with a Master List Mixed or Unknown status – which require triage by MAs. **Please do not submit any non-transferring claims**

Data Quality checks within the DC/DQ tool

Six key categories of data quality checks are implemented on all Part VII data submissions



MA / Syndicate



Lloyd's Europe

The DC / DQ tool provides real-time DQ feedback on each submission via:

- Errors:** if the data does not meet required standards, the data has to be corrected and re-submitted
- Warnings:** these flag potential outliers in the data relative to the entire submission / based on defined rules and have to be reviewed and the correctness of the data confirmed prior to submission

#	Data Quality Controls	Description
1	Data Format/Type Check (generates error)	Control to check the format and completeness of the submitted data, e.g. data format / length
2	Reference Data Checks (generates error)	Control to check if the data items are part of the reference list (aligned with MDC existing reference data where applicable)
3	Prevailing signage (generates errors & warnings)	Control on the expected signage of a data item to provide a warning or error to the user of potentially incorrect data being submitted
4	Threshold checks (generates warning)	Control to verify if any data outliers are correct; this is defined per data field and provides an indication as to whether a data item submitted is within the expected range, e.g. large additional premiums
5	Tolerance checks (generates error)	Control on the percentage of default values allowed per data field / file
6	Business Rules (generates errors & warnings)	Controls to check the data consistency within the submitted file and record (e.g. GWP>NWP, policy expiry date consistent per UMR) as well as that corrections are provided correctly

MDC submission

Waiving of business rules – exceptional scenarios



MA / Syndicate



Lloyd's Europe

The DQ rules have been developed, tested and accepted in order to ensure sufficient data quality of the Part VII Book of Record. However, some edge cases are expected where Managing Agents cannot comply with some business validations and may not be able to correct the data at source prior to the monthly submission (e.g. mainly data received upstream via DXC, such as the known scenario “net > gross premium”).

Where Managing Agents receive MDC business validation errors which are preventing them from submitting their monthly submission due to this scenario, LIC may be able to waive the business validation resulting in the error as an exception, to enable the provision of data, as non-receipt could result in more significant downstream reporting and reconciliation issues.

If Managing Agents are blocked from submitting a Part VII submission file by a “breach” of a business validation, the following steps should be followed:

1. MA to contact the MDC support team at mdcsupport@lloyds.com during the Part VII submission window (MAs are advised to contact MDC Support as soon as possible during the submission window to ensure the request can be reviewed and actioned)

- Provide the syndicate number, submission type (e.g. Monthly Master) and data item (field name) for which a business validation cannot be met
- Provide reason for why this cannot be met, i.e. data processed / received from DXC

2. LIC SMEs to review MA request:

- Review of scenario and error type, as well as evidence provided by the MA
- Complete downstream impact assessment and assess feasibility of waiver – *please note that this review process may involve LIC downstream teams and will therefore take longer than the review of default tolerance waivers*
- **Note** - Each waiver (granted or not) triggers an internal review process in LIC to assess whether DQ rules require an update – the review will be based on the scenario, its downstream impact, as well as the volume of affected syndicates and transactions. Where the business validation is continued to be deemed valid, the rule will be maintained and MAs should continue to request one-off waivers as appropriate.
- **3. Once the waive has been granted (where this is possible), MA will re-validate their submission in MDC and proceed with their submission**

3. Once the waive has been granted (where this is possible), MDC Support will inform the MA. After this, the MA will re-validate their submission in MDC and proceed with their submission

Please note: Currently the business validation DQ rules can only be waived on a “by submission type” (Master, Master Supplementary, Declaration) and only for the submission period for which the request is made (e.g. March submission window). Therefore, if required, MAs may have to request an exception in subsequent submission periods if business validation rules cannot be met

MDC submission

Waiving of default values tolerance rules



MA / Syndicate



Lloyd's Europe

Where Managing Agents receive MDC errors due to the provision of **default values** above the defined percentage tolerance (see DM and DQ rules) and are therefore unable to complete their monthly submission, LIC may be able to waive the DQ rule resulting in the error.

If Managing Agents are blocked from submitting a Part VII submission file by a “breach” of the default tolerance rule (i.e. more default values provided per data field than allowed by MDC DQ rules), the following steps should be followed:

1. MA to contact the MDC support team at mdcsupport@lloyds.com during the Part VII submission window (MAs are advised to contact MDC Support as soon as possible during the submission window to ensure the request can be reviewed and actioned)

- Provide the syndicate number, submission type (e.g. Monthly Master) and data item (field name) for which real data is not available
- Provide reason for why this is not available and what actions have been / are being taken to source this data

2. LIC SMEs to review MA request with a view to ensure overall data completeness (by syndicate and across the market) and either:

- If overall (syndicate / market) data completeness is maintained, LIC SMEs instruct the MDC Support Team / Data Lab to waive the DQ rule and inform the MA or
- If waiving is not possible due to the overall data completeness minimum standards not being met, LIC SMEs provide feedback and the Part VII team will respond to the MA asking for provision of data items
- **Note** - Each waiver (granted or not) triggers an internal review process in LIC to assess whether DQ rules require an update

3. Once the waive has been granted (where this is possible), MDC Support will inform the MA. After this, the MA will re-validate their submission in MDC and proceed with their submission

- MAs are asked to continue to source the data items, where possible, for which default values have been provided in advance of future submissions so as to avoid new waive requests in subsequent submission periods.

Please note

- **Currently the default tolerance DQ rules can only be waived on a “by submission type” (Master, Master Supplementary, Declaration) and only for the submission period for which the request is made (e.g. March submission window). Therefore, if required, MAs may have to request an exception in subsequent submission periods if default tolerance rules cannot be met**
- **Please also note that where the default tolerance is 0% (i.e. real data required 100% of the time), the DQ rule cannot be waived**

Monthly Part VII Extract Submission Timeline

Timeline for submission required on an ongoing basis after the Transfer Date, i.e. post - December 2020



Hyperlink



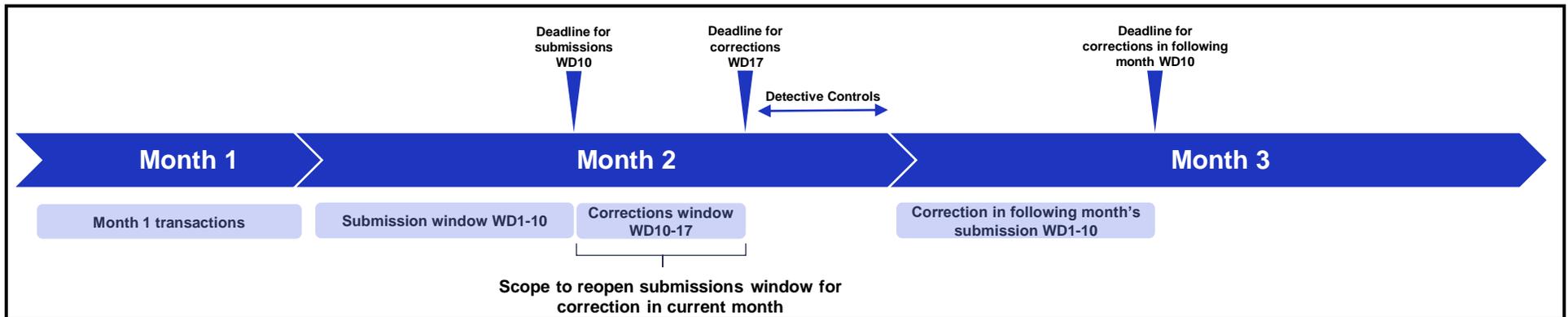
MA / Syndicate



Lloyd's Europe

- Monthly Part VII Extracts are required to be submitted to Lloyd's Europe 10 working days after the end of the 'transaction month' (or earlier). The deadline(s) for all Part VII submissions will be at 2 PM BST in line with all MDC returns
- The transaction month refers to the month in which the Syndicate has processed / or been informed of a cash or non-cash transaction
- Please note that for Delegated Authority business, this refers to the month in which the Syndicate has received that month's bordereaux / the Bureau has processed the bordereaux, rather than the month the underlying transaction was processed by the coverholder or DCA.

Illustrative timelines



LIC Operational Controls

Controls performed on MA provided data within the LIC data repository



Hyperlink



MA / Syndicate



Lloyd's Europe

Following the successful submission of a complete set of files from a MA within MDC, the data submitted will be stored in the Part VII Data Repository. LIC will then conduct further checks and validations on the data. These include:

1. Detective Controls

- As part of the detective controls, LIC Ops will run checks on data consistency and accuracy within each syndicate's (e.g.; transactions with reg FIL codes to be corrected)
- The detective controls framework will also highlight any potentially missing data within submissions from the MA

2. Static claims

- The static claims report contains a full list of static claims
- MAs need to review the static claims report to ensure these claims statuses/ positions are accurate – if not, MAs need to provide corrections / missed claims transactions within the monthly submissions to ensure LIC holds the correct position

Credit control

- Credit control is primarily the responsibility of the Managing Agent; LIC performs an oversight role
- A Part VII credit control report was originally envisaged as part of Lloyd's Europe detective controls, but it was eventually descope. Lloyd's Europe will assess if a revised, lighter touch approach will be required for the oversight of open receivables

Data feedback provision timeline

- LIC Ops control processes will be run after WD 17, upon submission of all files by an MA and once submissions have been received from all in-scope syndicates
- LIC operational reports (i.e. DC reports including Static Claims) will be issued after WD17 and will be sent to the POC of the relevant areas as per the POC list provided by MA
- Following the receipt of the reports, MAs must review and provide any required corrections or updates within the next available submission window ([see Data correction operational process](#))

LIC Operational Controls

Detective controls



MA / Syndicate



Lloyd's Europe

Detective controls are performed on the successfully submitted data to ensure consistency and accuracy within each syndicate's and across all syndicates' data

The Detective Control report will run after the close of the correction submission window. The Detective Controls report will provide all inconsistencies or inaccuracies highlighted, as well as an instruction for the action to be taken by the MA.

The Detective Control report will highlight the following scenarios:

1. Missing data
 - Orphaned premium transactions (premium transaction without a policy record)
 - Orphaned claims transactions (claim transaction without a claim record)
 - Missing Supplementary data
2. Part VII Scope (any records assumed not to be in scope of the Part VII transfer)) – These controls are based on the Master List, Part VII transfer period and the EEA attributes on the record
3. Regulated FIL codes on P7-tagged monthly transactions (to be corrected via disputes & corrections process)

LIC Operational Controls

Static Claims



MA / Syndicate



Lloyd's Europe

Lloyd's Europe will report on static claims within the Part VII Book of Record to check data accuracy and completeness and flag potentially missing or incorrect claims records.

Within the report, LIC will identify all claims which have had no movements in the last 9 months i.e. are approaching the Lloyd's definition of a 'static claim' (12 months). The report will be sent to the Syndicate contact point on a monthly basis.

If the claim is approaching 12 months without movement, there are two different options:

1. There has been movement on the claim:
 - 1a. In this instance, the claim movement has not yet been reported; therefore the MA (lead and follow) must report the claim movement as soon as possible within the next available submission
2. There has been no movement on the claim:
 - 2a. XIS - Bureau annual movement (standard market practice for bureau subscription business): If the lead MA submits an annual movement on the claim which is processed by the bureau and all participants will receive via messages, this will automatically result in a claims transaction that must be included within the monthly Part VII submission by all participants (lead and follow) **OR**
 - 2b. Non-XIS / LDR -Part VII movement only: All participants (lead and follow) on the claim must restate the position as a non-cash movement through the Part VII monthly return submission. Restating the position can be actioned by providing the latest outstanding position via a standard MDC transaction within the Part VII Monthly returns.

MDC – acceptance of regulated FIL codes

Enabling acceptance of all Bureau processed Part VII transactions



MA / Syndicate



Lloyd's Europe

Monthly Master submission

Managing Agents are required to provide all Part VII processed records to ensure that they provide LIC with data in relation to all transactions which have been (or will be) processed via the Part VII settlement accounts. Changes have been made to the Master monthly file to enable records with regulated FIL codes to be submitted. These master monthly records will also be consumed within Lloyd's Europe systems to support the financial reconciliation.

As a reminder, Managing Agents also need to attest to the completeness of their data in MDC, by stating that the it reconciles to the Part VII settlement accounts within the MDC workflow as part of the submission process.

Monthly Master Supplementary

The original guidance related to the Supplementary data for Regulated FIL Codes was to exclude these Regulated records from the MDC Submission files. This position has been reviewed.

Nevertheless, records/transactions with regulated FIL codes do not form part of the Part VII Scheme scope. Managing Agents are now requested to submit all the relevant transactions (e.g Premium transaction and Supplementary information) into MDC. Providing these additional records will avoid false positives with the detective controls.

Detective control feedback and required correction (applicable to both Initial Master and Monthly Master submissions)

Given that transactions with regulated FIL codes do not transfer under the scope of Part VII and have processed as Part VII in error, Managing Agents need to follow the BAU dispute process. To support this process, LIC will provide Managing Agents with all transactions that have been submitted, which include a regulated FIL code, and which need to be disputed and corrected. This will be incorporated into LIC's detective controls outputs provided to Managing Agents.

Data correction operational process

If incorrect data is submitted to LIC, MAs will be able to resubmit corrected data



Hyperlink



MA / Syndicate



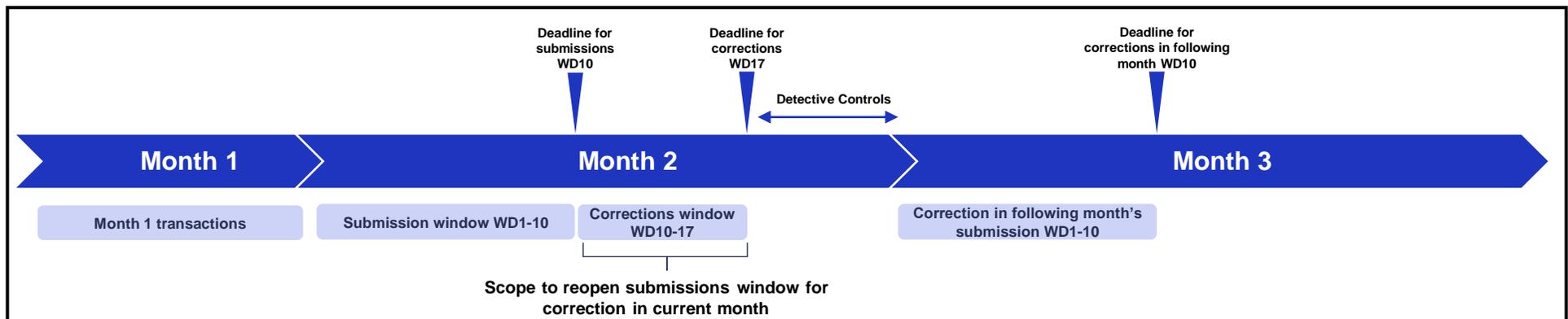
Lloyd's Europe

When is a correction required?

- Following the review of the LIC control reports as issued to the MA at the end of the submission month
- The MA identifies an inaccurate data submission made in the current or a prior period
- When LIC Ops reaches out to the Reinsurance and Ceding syndicate within the RITC process

Data correction operational process:

- Where a correction is required MAs should request the re-opening of their submission window (from WD 11 up to WD17)
 - In all cases, the corrections process needs to be followed (i.e. cancel & replace) – [Please see detailed guidance](#)



Document Request

Lloyd's Europe may require MAs to submit additional documentation (e.g. policy, claim or contract information)

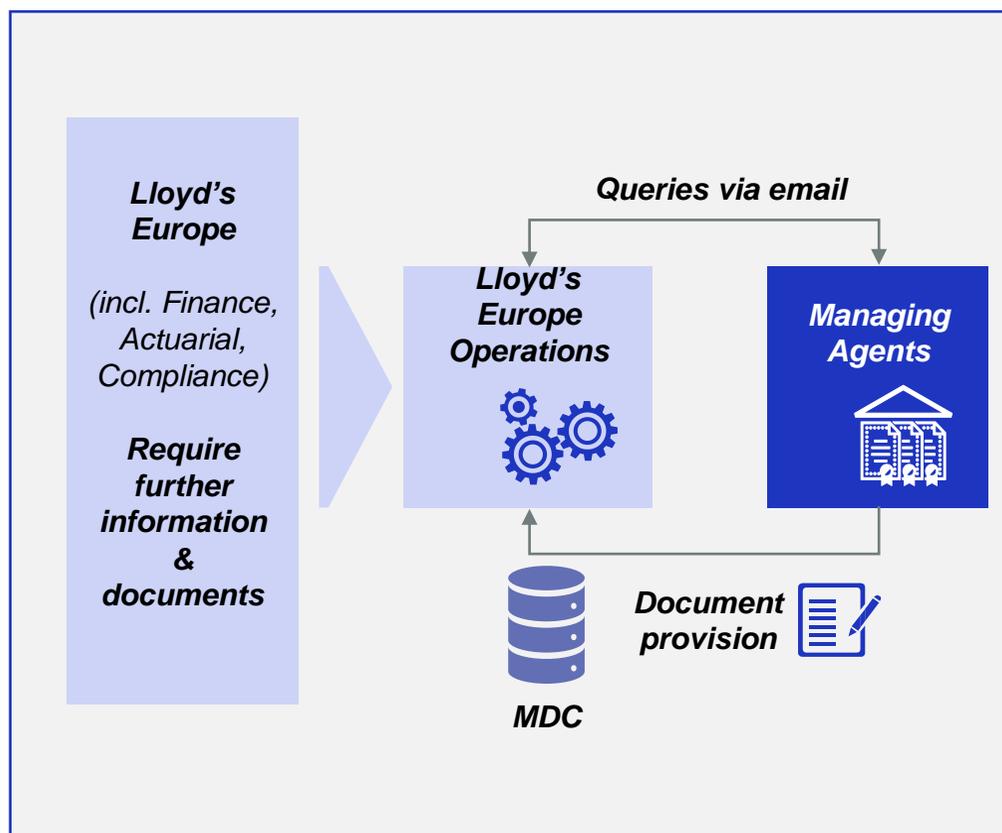


MA / Syndicate



Lloyd's Europe

- Lloyd's Europe will not have access to IMR or ECF for the Part VII portfolio
- As a result, in line with the Outsourcing Agreement, MAs will be required to provide Lloyd's Europe with ad-hoc documents within two working days following a request
- Lloyd's Europe Operations will request this from the MA's point of contact via email
- Documents need to be provided by the MA via MDC within the specified Lloyd's Part VII folder.
 - This will be found in the "Shared site" section of the documents tab within MDC.
 - Files can be uploaded up to 20MB and MDC accepts multiple following file types [zip, ppt, ppts, pdf, doc, docx, docm, wml, dot, dotm, xls, xlsx, xlsb, xlt, jpg, png, xml, csv, tsv, json, txt, bpmn, app and form].
- The document request process supports various requirements such as Lloyd's Europe responses to audits, regulatory inspections or other oversight activities
- More information related to the MDC Document Request process is available within the updated MDC Technical guidance document.



Part VII – MA liaison

MA and Lloyd's Europe contacts



MA / Syndicate



Lloyd's Europe

To enable Lloyd's Europe to triage reports and queries to the correct contact at the Syndicate, Lloyd's Europe will request a number of key contacts per Syndicate to liaise with across different areas of the operational solution and processes. If preferred, Managing Agents can provide one contact to cover multiple areas or Syndicates. Key contacts include:

- **Overall Part VII point of contact** – *The overall Part VII point of contact will be notified for major changes relating the Lloyd's Europe Part VII Operating Model, and will also be used as the escalation point if issues cannot be resolved with the other point of contact(s) – As an example, the overall Part VII POC could be the organisation's COO, CFO or Head of Operations. Changes to this list should be communicated to lloydseurope.info@lloyds.com*
- **Disputes point of contact** – *the overall Part VII point of contact for disputes processes; expected to be the contact point for BAU lead disputes and any other activity that requires liaison with Managing Agents or Lloyd's Europe. Changes to this list should be communicated to lloydseurope.info@lloyds.com*
- **MDC – Point(s) of contact for**
 - Devolved Administrator – Existing MDC role within the organisation, this role will be able to create / amend Syndicate permissions within MDC and create the submitters/approvers for the Devolved Administrator's syndicate account. Any changes for the Devolved Administrator account itself need to be raised with the MDC support team at mdcsupport@lloyds.com
 - Submitters
 - Approvers
 - Document requests
- **LIC operational control feedback – Point(s) of contact for**
 - Detective control reporting
 - Static claims reporting
 - Credit control
 - Please communicate any changes to Managing Agent's Points of contact for LIC operational control feedback to LloydsEurope.OperationsPVII@lloyds.com

Part VII queries – market

Lloyd's Insurance Company contact teams



Hyperlink



Lloyd's Europe

Query	Contact details	Escalation Point of Contact*
MDC access issues	MA's current devolved administrator	N/A
MDC and data submission queries	MDC support team mdcsupport@lloyds.com	George Papagalos George.Papagalos@lloyds.com
Missed monthly MDC deadline (WD10)	MDC support team mdcsupport@lloyds.com	George Papagalos George.Papagalos@lloyds.com
Request for in-month correction / re-opening of the submission window	MDC support team mdcsupport@lloyds.com	George Papagalos George.Papagalos@lloyds.com
Part VII general query (including complaints)	LloydsEurope.Info@lloyds.com	
Part VII Detective Control queries	Please respond to the Detective control e-mail received from LloydsEurope.Info@lloyds.com	George Papagalos George.Papagalos@lloyds.com
Master List dispute process (where LIC involvement is required)	LloydsEurope.Info@lloyds.com	
Lloyd's Europe Finance for requests such as float balances, bank account top up and cash calls	LBFinance.Queries@lloyds.com	Christelle Umugwaneza Christelle.Umugwaneza@lloyds.com

© Lloyd's *Escalation Points of Contact to be used only in exceptional circumstances only; mailboxes should always be the default first point of contact

LLOYD'S INSURANCE COMPANY S.A.

Document and data retention periods



MA/ Syndicate



Lloyd's Europe

The minimum and maximum retention periods below are based on Belgian law and are correct as at June 2020.

Note: For claims, the retention period starts after the claim has been settled

CATEGORY	DESCRIPTION OF DOCUMENT OR DATA	MINIMUM RETENTION PERIOD (IF APPLICABLE)	MAXIMUM RETENTION PERIOD (IF APPLICABLE)
INSURANCE BUSINESS ACTIVITIES	Personal data (including special category data) of policyholders, claimants and beneficiaries	10 years	Same as the minimum retention period (contains personal data)
	Policy document records	10 years	Same as the minimum retention period (contains personal data)
	Claim records	10 years	If contains personal data: same as the minimum retention period
	Litigation records	10 years (judgments making a reservation must be kept during 20 years).	If contains personal data: same as minimum retention period
	Personal data (including special category data) of complainants and their representatives	10 years	Same as the minimum retention period (contains personal data)
	Complaint investigations and correspondence	10 years	If contains personal data: same as the minimum retention period

29 March, 2021

Bureau Part VII Dispute and Corrections

One-time fix and BAU disputes overview



MA/ Syndicate



Lloyd's Europe



Broker



CH / DCA



Bureau

ONE TIME FIX DISPUTES PROCESSES

The Part VII Programme team, in conjunction with the market, have undertaken a number of one-time fix disputes processes to resolve as many of the disputes as possible, that have been identified to date. This was split into 4 separate processes:

1. Master List transferring status disputes process one-time fix
2. Triage outcome disputes process
 - a) Premiums
 - b) Claims
3. Open COR list one-time fix
4. Master List lead status remediation one-time fix

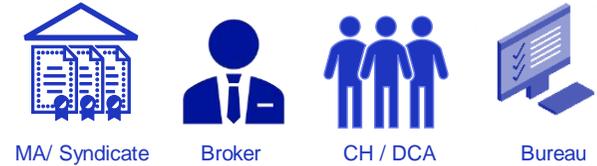
BAU DISPUTES PROCESSES

Following the extensive work carried out as a result of the above processes, the Programme, through consultation with Lloyd's Europe and the market, have baselined 4 BAU disputes processes, as outlined below. BAU disputes should be limited to triage outcome disputes **only**, specifically in relation to new claims transactions, associated with Mixed or Unknown OSNDs on the Master List

1. BAU triage outcome disputes process – Claims only. No remediation is required for premiums
2. BAU Master List lead status disputes process
3. BAU Open COR list disputes process – to be used in exceptional circumstances only
4. BAU Master List transferring status disputes process – to be used in exceptional circumstances only

Bureau Part VII Dispute and Corrections

Premium disputes summary



Dispute process	#	Process title	Description	Remediation activity
1 Master List transferring status disputes process		Correction of a Master List OSND with a definitive status of Transferring or Not Transferring is incorrect	The Lead Syndicate believes that a Master List OSND with a definitive status of 'Transferring' or 'Not Transferring' is incorrect. This process does not apply to 'Mixed' or 'Unknown' Master List records or Newly Identified OSNDs – all of which will be subject to triage processes to determine their Part 7 status. The process should only be initiated for OSNDs that are active, e.g. unearned or expected premium or open claims attaching to the OSND	<ul style="list-style-type: none"> - Creation of new FDO to replace OSND with incorrect trust fund code - Cancel and replace of any associated premium signing since the SED
2 Premium triage disputes process	2a	Triage outcome disputes process for new AP/RPs processed from 21.12.20 onwards – a) Broker / Coverholder / DCA Triage	The Broker / Coverholder / DCA Triage outcome dispute process applies to cases where the Lead Syndicate disagrees with the status assigned by the Coverholder / DCA / Broker during triage of premiums associated with binding authorities or lineslips with a 'Mixed' or 'Unknown' or newly identified status and where the status assigned by DXC follows that status	Cancel and replace affected signing with a corrected trust fund code
	2b	Triage outcome disputes process for premiums processed from 21.12.20 onwards – b) Remediation of contra / corrections on pre 21.12.20 signings where there is a financial change between the two versions	A contra / correction on a premium which was signed prior to 21.12.20 and which was automatically allocated a non-transferring status. This applies in cases where the signing should have been processed as transferring and there is a material impact on the PTF, i.e. that the financial amounts differ between the two versions. A change in financials should be considered at syndicate level, not just SNAD. This process relates to OSNDs that have a transferring status of 'Transferring,' 'Unknown' and 'Mixed' only	De-scoped – please see communication from the Part VII Programme on 31 st August
	2c	Triage outcome disputes process for new OP/AP/RPs processed from 21.12.20 onwards – c) Bureau Triage	The Bureau Triage outcome dispute process applies to cases where the Lead Syndicate disagrees with the status assigned by DXC during processing / triage of OP/AP/RP attaching to an OSND on the Master List with a 'Mixed' or 'Unknown' status and to newly identified OSNDs	Cancel and replace affected signing with a corrected trust fund code

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process one time fix - Summary



MA/ Syndicate



Broker



CH / DCA



Bureau



Lloyd's Europe

What does the Master List status dispute process apply to?

The Master List status dispute process applies to cases where:

- The Lead Syndicate believes that a Master List OSND with a definitive status of 'Transferring' or 'Not Transferring' is incorrect. Note: this process does not apply to 'Mixed' or 'Unknown' Master List records or Newly Identified OSNDs – all of which will be subject to triage processes to determine their Part 7 status
- The process should only be initiated for OSNDs that are active, e.g. unearned or expected premium or open claims attaching to the OSND

How should I raise a dispute?

- There may be circumstances where Brokers or follow Managing Agents disagree with the Master List status of an OSND
- The Lead (as identified on the Part 7 Master List) Managing Agent, follow Managing Agents and brokers should liaise using the disputes points of contact published by the Part 7 programme*
- Follow Managing Agents (as identified on the Part 7 Master List) are not responsible for monitoring or raising suspected Master List transferring status disputes; please see the communications issued from the Part 7 mailbox on 12 February, 2021 and 15 April 2021
- The Lead Managing Agent (as identified on the Part 7 Master List) is responsible for the resolution of any disputes for this process
- If the Lead Managing Agent (as identified on the Part 7 Master List) wishes to initiate a Master List transferring status dispute they should prepare the Part 7 bureau instruction and send to Lloyd's Europe to initiate the process
 - More details on the process overleaf

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process one time fix – Process overview



MA/ Syndicate



Broker



CH / DCA



Bureau



Lloyd's Europe

Process overview

Where the Master List Lead Syndicate wishes to review the Master List status of one or multiple OSNDs;

- Additional documentation will be requested by LIC (within the Bureau instruction) to support the review of the Master List segmentation status query; this will request Master List data relating to the disputed OSND and any amended data that is required to inform a change in transferring status
- Any incorrect OSNDs and associated SNADs can be remediated directly between the Managing Agent, LIC and DXC with no broker processing required; however, broker processing will be required for any CORs associated with the incorrect OSND detailed within the Bureau instruction
- Following review and agreement by LIC for a Master List transferring status to be corrected, the Master List lead MA will be informed of the outcome:
 - The Programme will append all impacted SNADs and CORs (any transactions / signings processed since 21/12/2020) which have also attracted an incorrect transferring status due to the incorrect status of its associated OSND on the Master List
 - The Programme will request that the lead Managing Agent provide a definitive transferring status for any SNADs associated with an OSND which should have been segmented as 'Mixed' – this is to ensure the associated SNADs are correctly processed as either N or T
 - The Programme will provide the list of impacted OSNDs, SNADs and CORs to each impacted broker for information
 - It is not possible to correct the transferring status on an OSND on the Master List. A new FDO will be required for each disputed OSND
 - DXC, on instruction from the Lead Managing Agent, will block the old OSND from future processing* and create new FDOs to replace the disputed OSND with linking narrative in the period narrative field to link the old OSND to the new FDO
 - DXC, on instruction from the Lead Managing Agent, will also create cancel and replacement signings for all SNADs associated with the OSND – more details on Bureau processing for disputed OSNDs and SNADs can be found overleaf
 - The Programme will also share the bureau instruction with the relevant brokers if there are claims associated with the disputed OSND that also require remediation; brokers will only be able to process these changes once the new FDO is created and identified via a BSM and/or the FDO report (more details overleaf)
 - The bureau instruction will need to be split per broker if there are multiple OSNDs being disputed and multiple brokers of record associated with the disputed OSNDs which also have claims requiring remediation
 - Once a new FDO signing number and date has been returned by DXC, the broker will submit claim transactions to close any impacted CORs and create new UCRs under the new FDO
 - The broker will use narrative on both the old and new UCRs to identify the relationship between the old and new UCR details
 - Any claim payments since SED will need to be refunded from the old COR and paid to the new COR. To mitigate the risk of unsynchronised signings the market will need to use non-cash processing rather than cash
 - Post dispute resolution, the lead Managing Agent should verify that there have been no transactions during the disputes process; if transactions have occurred, the lead MA must initiate a cancel and replace process through the Part VII bureau instruction

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process one time fix – 2019 business



Hyperlink



Lloyd's Europe



MA/ Syndicate



Bureau

A formal communication, titled 'Business incepting on the Master List between 1/1/2019 – 12/4/2019' was issued on Wednesday, 25 August, regarding an issue relating to Transferring business on the Master List with an inception date between 1/1/2019 and 12/4/2019. The identified issues and final solution are outlined below:

Background

- As outlined in the Master List Segmentation Logic section, see [here](#), for direct business incepting between 1/1/2019 – 12/4/2019, the scheme was only intended to extend to risks underwritten by syndicates, where an exception to the Lloyd's mandate had been granted
- This mandate stated that all EEA risks incepting from 1/1/2019 be written through Lloyd's Europe and not on syndicate paper

Issues identified

- Review of the Master List established with Managing Agents for Scheme Effective Date has identified:
 - Direct business incepting between 1/1/2019 – 12/4/2019 with no EEA exposure, but with EEA policyholder domicile attributes, on the Master List
 - This required correction
 - Direct business incepting between 1/1/2019 – 12/4/2019 with EEA exposure on the Master List, irrespective of any exception being granted by Lloyd's per the mandate

Solution

- OSNDs that are Transferring due to policyholder domicile only and that have no EEA exposure were remediated via the Master List transferring status disputes process one time fix
- OSNDs that are Transferring due to one or more of an EEA FIL code or an EEA risk location will continue to be processed as Part VII with no change
- OSNDs that are Mixed or Unknown will continue to be processed following BAU processes; where premium or claims movements occur against these OSNDs, the individual premium signing or claims transaction will be triaged by the Broker / Coverholder for bulked business and triaged by DXC for open market business. Where there is an EEA FIL code, the premium signing or claims transaction will be triaged in as Part VII – these signings / transactions will continue to be processed as they have since the Scheme Effective Date

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process one time fix –
Bureau Processing



Hyperlink



MA/ Syndicate



Broker



Bureau



Lloyd's Europe

Bureau Processing

Premiums

- DXC will sign new Part VII FDO(s) for every OSND included in the Bureau instruction and process any premium transactions which need cancelling and replacing
 - All subsequent signings on the new FDO will be processed in line with the instruction
 - The “old” OSND which has been replaced by the new FDO will be blocked for further transactions
 - The DXC technician will include content in the “Period Narrative” field (max 40 chars) which will detail the transferring status of the “new” FDO, and the reference and ML status of the “old” OSND e.g. ‘*FDO (NT) - replaces 11111-01012020 (T)*’
- DXC will append the new FDO(s) to the Master List held by DXC with the new segmentation status on a quarterly basis – this will enable straight-through processing for “N” and “T”. DXC will manually triage all transactions on the new FDO in line with the noted transferring status from the Bureau Instruction in the period prior to the quarterly Master List append

Claims

- Where instructed to do so DXC will close down the existing impacted CORs and create new CORs under the new broker UCR
- Any claims payments since SED will be refunded from the old COR and reinstated under the new COR
- These steps can only take place once the new FDO has been created by DXC

See [here](#) for worked examples of the bureau messages generated as a result of a Master List dispute

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process one time fix - Reporting



MA/ Syndicate



Broker



Bureau



Lloyd's Europe

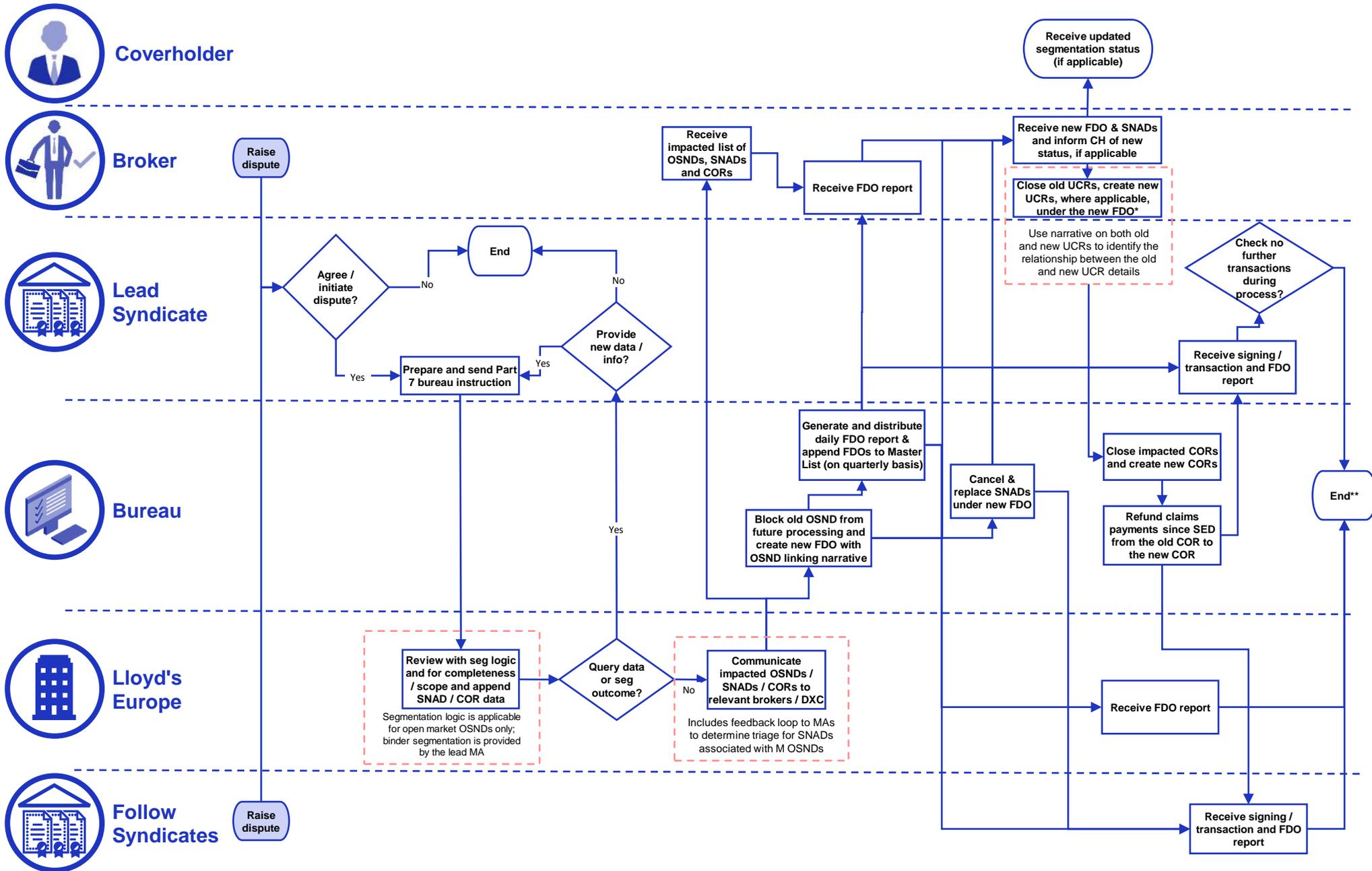
Reporting

- DS1300, the FDO report, is distributed to Part VII disputes points of contacts, for both Managing Agents and Brokers, on a weekly basis
- It provides Managing Agents and Brokers with visibility of replacement FDOs that have been created as a result of the Part VII Master List transferring status disputes process
- Follow markets are not involved in the agreement of this process but will be informed via a report of new FDOs which will include the relevant Period Narrative and the new OSND
- Selection criteria: All FDO's created in prior day with a year of account of 2020 or prior
- The report is provided cumulative, ever to date, and identifies:
 - The new FDO signing number and date and its transferring status
 - The old OSND that the FDO is replacing – linked through the period narrative field
 - The old (incorrect) transferring status of the disputed OSND – linked through the period narrative field

• **Data fields:**

- Syndicate Number
- Slip type
- Syndicate reference
- Business category
- Year of Account
- Trust fund code
- Broker reference 1
- Broker reference 2
- Processing date
- Full Period Narrative
- FDO SNAD / OSND
- UMR
- FIL Code 1 (and description)
- FIL Code 2 (and description)
- FIL Code 3 (and description)
- Risk Code
- Delink code
- Broker code
- Old OSN
- Old OSD
- Old Transferring Status
- New Transferring Status
- Part VII Master List Disputes FDO

Master List transferring status disputes one time fix process



*Any claim payments since SED will need to be refunded from the old UCR and paid to the new UCR. To mitigate the risk of unsynchronised signings the market will need to use non-cash processing rather than cash

**Lead and Follow Managing Agents will be required to submit MDC data as outlined in the following slides

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process – MDC Data Submission



MA / Syndicate Lloyd's Europe

The outcome of the Master List transferring dispute process might have an impact on the MDC Submissions. The guidance provided in these slides is relevant to Syndicates that are required to submit transaction via MDC as a result of the Master List Transferring status Dispute process

This guidance gives a detailed overview of the required actions per scenario. Please follow this Guidance after a dispute has been settled.

Submission	#	Scenario	Actions
Premium	1	The status of an OSND changes from non-transferring to transferring or Mixed and would therefore not have been submitted in previous data submissions.	<ul style="list-style-type: none"> - Initial Load Catch-Up - Provide the 'SED' and the 'to date' position via the Initial Load Catch-up for the new FDO in scope - Monthly Load - Provide monthly transactions via the Monthly Load for future signings
	2	The status of an OSND that has been submitted via MDC changes from transferring to Non-transferring or Mixed following the Master List status dispute process	<ul style="list-style-type: none"> - No MDC actions are required
Claims	3	The Status of a COR/OSND changes from non-transferring to transferring or Mixed and the claim would therefore not have been submitted in previous data submissions	<ul style="list-style-type: none"> - Monthly Load - Provide the replacement transactions received from DXC as a standard transaction within the Monthly Load. This will result in a correct cash position that reconciles with the Part VII Bank account
	4	The Status of a COR/OSND that has been submitted via MDC changes from transferring to non-transferring or Mixed following the Master List dispute process.	<ul style="list-style-type: none"> - Monthly Load – Provide the replacement transactions received from DXC as a standard transaction within the Monthly load. This will result in a correction of the previous submitted transactions.

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process – MDC Data Submission



MA / Syndicate Lloyd's Europe

MDC Scenario 1: Premium OSND – ‘Non-Transferring’ to ‘Transferring’

Following the dispute process, if the status of an OSND changes from **non-transferring to transferring or Mixed** and would therefore not have been submitted in previous MDC data submissions

1. Current situation within the Part VII Systems

No premium transactions has been submitted via MDC to Lloyd's Europe

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Original Signing Number & Date	Type of Insurance	Settlement currency - Premium	Gross Premium Received up to Transfer Date	Gross Premium Received this transaction	Gross Premium Received to date
Latest Position										

2. Expected situation after the dispute and correction process

Provide the Part VII transactions via MDC to Lloyd's Europe

- An **Initial Load catch-up** will be required with values accurate as at SED for fields which specify 'up to Transfer Date' or 'at Transfer Date'. For other 'to date' values, these will be reflective of the position when the catch-up is provided.
- All further transactions received on this OSND must be submitted via the **Monthly Load** submissions going forward.

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Original Signing Number & Date	Type of Insurance	Settlement currency - Premium	Gross Premium Received up to Transfer Date	Gross Premium Received this transaction	Gross Premium Received to date
Initial Load Catch-up	S	B078913BPL06429	AQ	XXX5	56789 – 03/10/2020	DR	EUR	200	<N/A>	200
Monthly Load	S	B078913BPL06429	AQ	XXX5	56789 – 03/10/2020	DR	EUR	<N/A>	350	550
Latest Position		B078913BPL06429	AQ	XXX5	56789 – 03/10/2020	DR	EUR	200	350	550

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process – MDC Data Submission



MA / Syndicate Lloyd's Europe

MDC Scenario 2: Premium OSND – 'Transferring' to 'Non-Transferring'

Where an OSND is deemed **Not Transferring** following the Master List status dispute process, the Contra and Replacement principles need to be applied in order to clear down the values associated with this Premium/Claim record.

1. Current situation within the Part VII Systems

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Original Signing Number & Date	Type of Insurance	Settlement currency - Premium	Gross Premium Received up to Transfer Date	Gross Premium Received this transaction	Gross Premium Received to date
Initial Load as at SED	S	B078913BPL06429	AQ	XXX5	56789 – 03/10/2020	DR	EUR	200	<N/A>	200
Monthly Load (Post-SED)	S	B078913BPL06429	AQ	XXX5	56789 – 03/10/2020	DR	EUR	<N/A>	350	550
Latest Position		B078913BPL06429	AQ	XXX5	56789 – 03/10/2020	DR	EUR	200	350	550

2. Expected situation after the dispute and correction process

No actions are required from the Managing Agent to correct this positions. These premium transactions will be written off.

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process – MDC Data Submission



MA / Syndicate Lloyd's Europe

MDC Scenario 3: Claims COR / OSND – 'Non-Transferring' to 'Transferring'

Following the dispute process, a claim has become in scope of Part VII after the status on the OSND changed from **Non-Transferring** to **Transferring**.

1. Current situation within the Part VII Systems

No claim transaction has been submitted via MDC to Lloyd's Europe

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount - Indemnity
Latest Position									

2. Expected situation after the dispute and correction process

Provide the Part VII transactions received from DXC via MDC after the change of the COR status from Non-Transferring to Transferring:

- For a new in scope claim, all these transactions can be submitted via the **Monthly Load Claims** file, this means that it is not required to provide these new in scope CORs via an Initial load first.

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount - Indemnity
Monthly Load	S	A051234 5	AQ	XXX5	56789 – 03/10/2020	EUR	-150	-250	-50
Latest Position		A051234 5	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-250	-50

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process – MDC Data Submission



MA / Syndicate | Lloyd's Europe

MDC Scenario 4: Claims COR / OSND – 'Transferring' to 'Non-Transferring'

Where a COR is deemed **Not Transferring** following the Master List status dispute process, the Contra and Replacement principles need to be applied in order to clear down the values associated with this Claim record.

1. Current situation within the Part VII Systems

An Initial load position and / or monthly claims transactions has been provided via MDC to Lloyd's Brussels for this triaged out claim

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Initial Load as at SED	S	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	<N/A>	-200	-1,200
Monthly Load (Post-SED)	S	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-300	-1,100
Latest Position		A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-300	-1,100

2. Expected situation after the dispute and correction process

Provide the following transaction via MDC after the change of the COR status from Transferring to Non-Transferring:

1. Provide the replacement transactions received from DXC as a standard transaction within the Monthly load. This will result in a correction of the previous submitted transactions.

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Monthly Load	C	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	100	0	0
Latest Position		A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	0	0	0

Bureau Part VII Dispute and Corrections

Triage outcome disputes process for new AP/RPs processed from 21.12.20 onwards – 2a) Broker / Coverholder / DCA Triage



Lloyd's Europe MA/ Syndicate



Broker



CH / DCA



Bureau

What does the Broker / Coverholder / DCA Triage outcome dispute process apply to?

The Broker / Coverholder / DCA Triage outcome dispute process applies to cases where the Lead Syndicate disagrees with the status assigned by the Coverholder / DCA / Broker during triage of premiums associated with binding authorities or lineslips with a 'Mixed' or 'Unknown' or newly identified status and where the status assigned by DXC follows that status

Scope

Premium signings* associated with binding authorities or lineslips with a 'Mixed' or 'Unknown' Master List transferring status or newly identified OSNDs that are not on the Master List

How should I raise a dispute?

The Lead Managing Agent is responsible for the resolution of any disputes for this process. The Bureau instruction should be populated with the relevant SNADs in the SNADs tab as applicable and be provided to the Programme / Lloyd's Europe

Process overview

Lead Syndicate

- Before making a decision on the outcome of the dispute, the Lead Syndicate must first liaise with the Coverholder / DCA / Broker who assigned the status that has been used by DXC
- Where the Master List Lead Syndicate then wishes to correct the Part VII triage outcome for one or multiple transactions, the lead MA will prepare a Part VII bureau instruction using the agreed template. The template will enable Managing Agents to provide a bulked instruction directly to DXC to process cancel and replace signings for each SNAD included in the template
- Every SNAD must relate to a 'Mixed' or 'Unknown' OSND on the Master List, or be Newly Identified (not on the Master List). Every SNAD must be viewed as having an incorrect trust fund code which requires the existing signing with the incorrect trust fund code to be cancelled and a replacement signing with a correct trust fund code created
- All fields in the template must be populated to ensure signings can go through the process
- Signings will be submitted in a series of processing windows; the first signings must be submitted by 03/06/2021

Programme / Lloyd's

- The Programme / Lloyd's will collate all signings submitted through this process and notify central contacts at Brokers of all relevant signings prior to DXC processing
- The Programme / Lloyd's will perform a QA check against the completeness of the templates and ensure all signings are related to 'Mixed' or 'Unknown' or newly identified OSNDs
- The Programme will pass a backlog of signings for remediation to DXC to be cancelled and replaced and communicate to Managing Agents any signings that cannot be remediated in the processing window

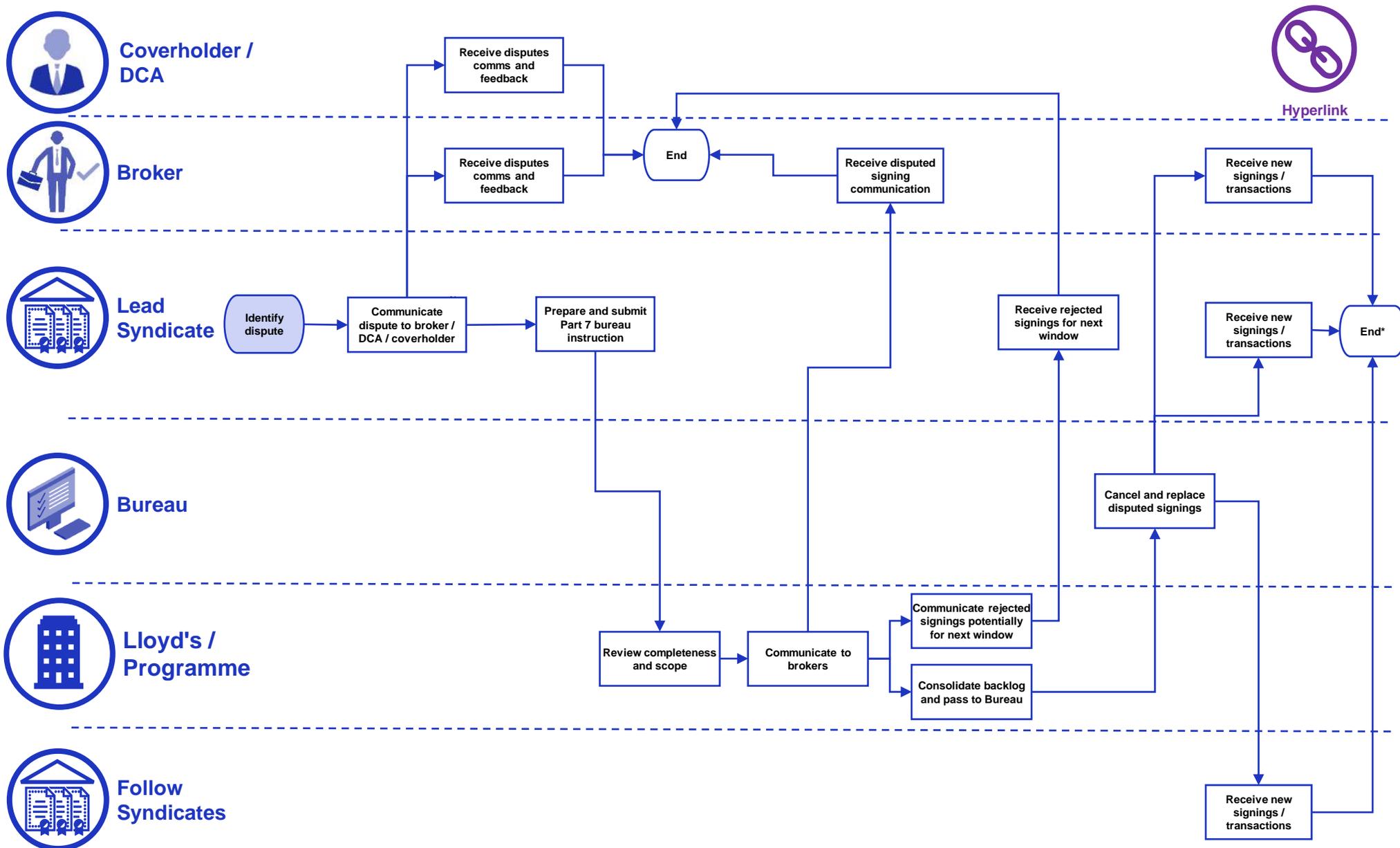
Bureau Processing

- DXC will process the cancel and replace transactions in a defined processing window – exact timescales will vary in each window and will be driven by market volumes but will follow BAU corrections procedures and timelines

Data submissions

- Upon receipt of the cancel and replacement signings, lead and follow syndicates will need to perform the necessary corrections via MDC - more details in the following pages

No remediation took place on this cohort of disputes due to the materiality decision issued to the market on Monday, 8 November – please see details [here](#)



No remediation took place on this cohort of disputes due to the materiality decision issued to the market on Monday, 8 November – please see details [here](#)

Lloyd's 2020 Part VII Transfer *Lead and Follow Managing Agents will be required to submit MDC data as outlined in the following slides

Bureau Part VII Dispute and Corrections

Triage outcome disputes process for new AP/RPs processed from 21.12.20 onwards – 2b)
Remediation of contra / corrections on pre 21.12.20 signings where there is a financial change
between the two versions



Lloyd's Europe MA/ Syndicate



Bureau

What does the remediation of contra / corrections on pre 21.12.20 signings process apply to?

The Contra / correction on pre 21.12.20 signing process applies to cases where the Lead Syndicate has identified a contra / correction on a premium which was signed prior to 21.12.20 and which was automatically allocated a non-transferring status. This applies in cases where Managing Agents have reviewed the transaction and confirmed that it now needs to be processed as transferring, as there is a material impact on the PTF, i.e. that the financial amounts differ between the two versions. A change in financials should be considered at syndicate level, not just SNAD; in other words if the syndicate number had been keyed incorrectly, there is a financial change to the incorrect and correct syndicates despite there being none to any other syndicates on risk.

Scope

Bureau processed premium transactions, which:

- Are affiliated with either a Transferring, Mixed, or Unknown OSND on the Master List
- Should have had a Part VII trust fund code, but did not as a result of the original signing being prior to SED; and therefore
- Were incorrectly serviced by the syndicate's PTF accounts

Overview

- It was originally proposed that a one-time true-up would take place for this cohort of incorrectly processed signings; the true-up exercises would have involved moving funds (net amount per syndicate and per settlement currency) from Part VII to PTF accounts for scenario a) below, or from PTF to Part VII accounts for scenario b) below
 - a) If the net impact of these transactions is negative, there has been a net outflow from the PTF account when it should have gone through the Part VII settlement account
 - b) If the net impact of these transactions is positive, there has been a net inflow into the PTF account when it should have gone through the Part VII settlement account
- A materiality assessment of the in-scope transactions was undertaken with Lloyd's Europe and Lloyd's in order to validate the justification for this exercise
 - Lloyd's Europe and Lloyd's deemed the total materiality of the in-scope transactions to be immaterial, and thus proposed to de-scope the one-time true-up exercise
- All in-scope signings (as at end of June 2021) were split out for each syndicate and uploaded to SecureStore for Managing Agents to review
 - On 13 August 2021, Managing Agents were asked to review the extracts and determine whether they were comfortable to proceed with the proposal of **not** performing the one-time true-up – feedback deadline of 27 August 2021
- As at 27 August 2021, the Programme had only received questions from Managing Agents predominantly focusing on the context and origins of these Part VII premium signings
 - No objection was raised to this approach
- This item was formally de-scoped on 31 August 2021, per the communication issued by the Part 7 inbox, titled 'Part VII Contra and Correction Transactions'

Bureau Part VII Dispute and Corrections

Triage outcome disputes process for new OP/AP/RPs processed from 21.12.20 onwards – 2c) Bureau Triage



Hyperlink



MA/ Syndicate



Broker



Lloyd's Europe



Bureau

What does the Bureau Triage outcome dispute process apply to?

The Bureau Triage outcome dispute process applies to cases where the Lead Syndicate disagrees with the status assigned by DXC during processing / triage of OP/AP/RP attaching to an OSND on the Master List with a 'Mixed' or 'Unknown' status and to newly identified OSNDs

Scope

Premium signings* associated with open market business with a 'Mixed' or 'Unknown' Master List transferring status or newly identified OSNDs that are not on the Master List

How should I raise a dispute?

- This process should only be followed where the Managing Agent is certain the error is not as a result of; i) Broker / Coverholder / DCA triage, or ii) a contra / corrections on pre 21.12.20 signings where there is a financial change between the two versions, or iii) a Master List status dispute
- The Lead Managing Agent is responsible for the resolution of any disputes for this process. The Bureau instruction should be populated with the relevant SNADs in the SNADs tab as applicable and be provided to the Programme / Lloyd's Europe

Process overview

Lead Syndicate

- Where the Master List Lead Syndicate then wishes to correct the Part VII triage outcome for one or multiple transactions, the lead MA will prepare a Part VII bureau instruction using the agreed template. The template will enable Managing Agents to provide a bulked instruction directly to DXC to process cancel and replace signings for each SNAD included in the template
- Every SNAD must relate to a 'Mixed' or 'Unknown' OSND on the Master List, or be Newly Identified, i.e. not on the Master List. Every SNAD must be viewed as having an incorrect trust fund code which requires the existing signing with the incorrect trust fund to be cancelled and a replacement signing with a correct trust fund code created
- All fields in the template must be populated to ensure signings can go through the process
- Signings will be submitted in a series of processing windows; the first signings must be submitted by 03/06/2021

Programme / Lloyd's Europe

- The Programme / Lloyd's Europe will collate all signings submitted through this process and notify central contacts at Brokers of all relevant signings prior to DXC processing
- The Programme / Lloyd's Europe will perform a QA check against the completeness of the templates and ensure all signings are related to 'Mixed' or 'Unknown' or newly identified OSNDs
- The Programme will pass a backlog of signings for remediation to DXC to be cancelled and replaced and communicate to Managing Agents any signings that cannot be remediated in the processing window

Bureau Processing

- DXC will process the cancel and replace transactions in a defined processing window – exact timescales will vary in each window and will be driven by market volumes but will follow BAU corrections procedures and timelines

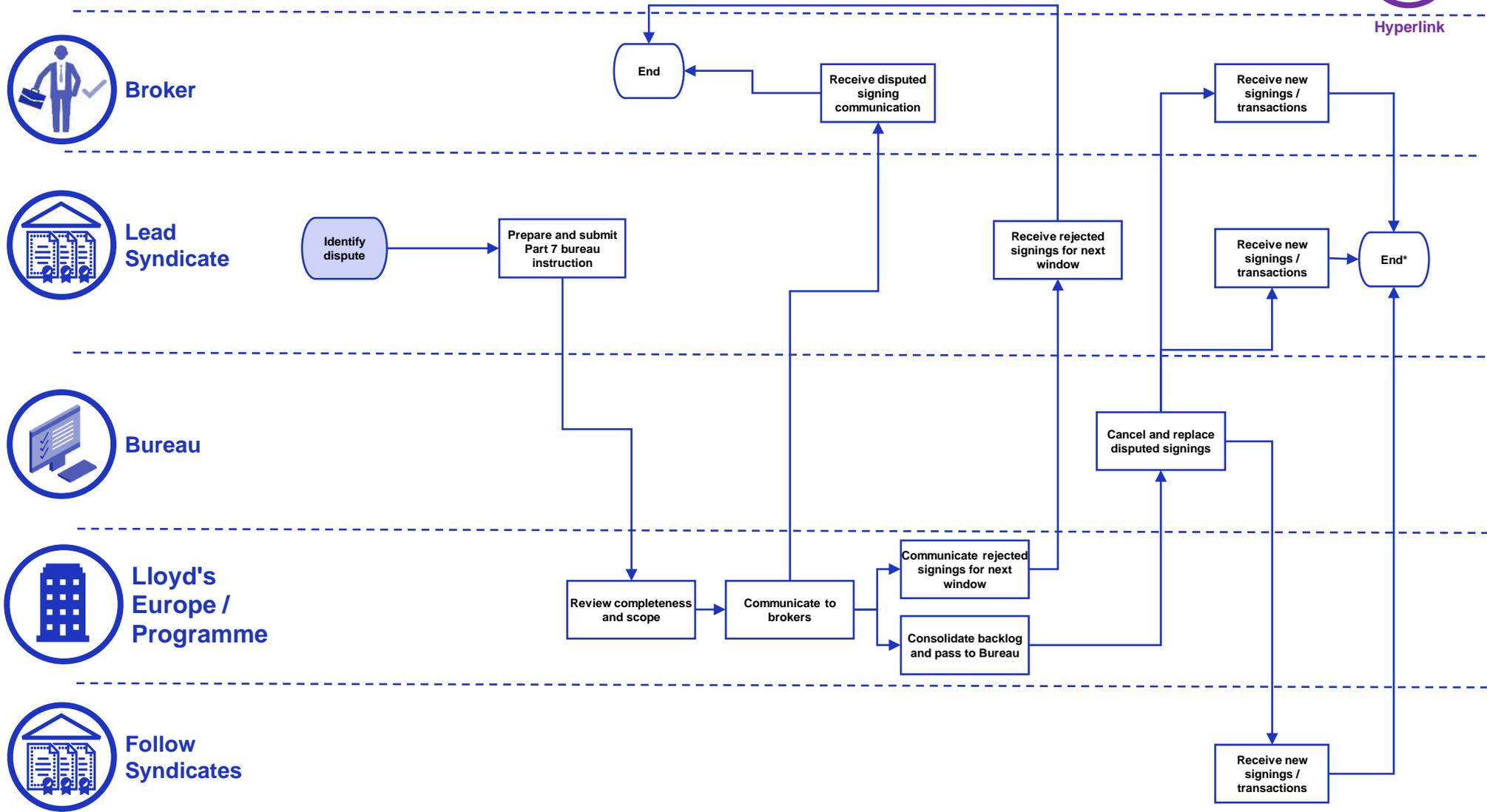
Data submissions

- Upon receipt of the cancel and replacement signings, lead and follow syndicates will need to perform the necessary corrections via MDC - more details in the following pages

No remediation took place on this cohort of disputes due to the materiality decision issued to the market on Monday, 8 November – please see details [here](#)



Hyperlink



No remediation took place on this cohort of disputes due to the materiality decision issued to the market on Monday, 8 November – please see details [here](#)

Bureau Part VII Dispute and Corrections

Claims disputes summary



Dispute process	#	Process title	Description	Remediation activity
1 Open COR list one-time fix	Action 1	Removals from open COR list	'Not Transferring' CORs open at the SED included on the open COR list associated with a 'Mixed' or 'Unknown' Master List OSND	Close old COR and open new COR with non transferring trust fund code
	Action 2a	Additions to open COR list (ML lead)	'Transferring' CORs open at the SED missing from the open COR list, where the MA is the Master List lead, associated with a 'Transferring,' 'Mixed' or 'Unknown' Master List OSND	Append to open COR list; if movements, close old COR and open new COR with Transferring trust fund code
	Action 2b	Additions to open COR list (not ML lead)	'Transferring' CORs open at the SED missing from the open COR list, where the MA is not the Master List lead, associated with a 'Transferring,' 'Mixed' or 'Unknown' Master List OSND	Append to open COR list; if movements, close old COR and open new COR with Transferring trust fund code
	Action 3	Removals from 'Delta' 'Transferring' remediation backlog	'Delta' 'Transferring' CORs opened between 1/11/2020 – 30/12/2020 that have since had movements and incorrectly attracted a non-Part 7 trust fund code because the CORs were not on the open COR list	Close old COR and open new COR with Transferring trust fund code
2 Claims triage disputes process	2a	Claims opened on or after 21.12.2020 – a) Broker / Coverholder / DCA Triage	The Broker / Coverholder / DCA Triage outcome dispute process applies to cases where the Lead Syndicate disagrees with the status assigned by the Coverholder / DCA / Broker during triage of CORs open on or after 21.12.2020 associated with binding authorities or lineslips attaching to an OSND with a 'Mixed' or 'Unknown' or newly identified status	Close old COR and open new COR with corrected trust fund code
	2c	Claims opened on or after 21.12.2020 – c) Bureau triage	The Bureau Triage outcome dispute process applies to cases where the Lead Syndicate disagrees with the status assigned by DXC during processing / triage of CORs opened on or after 21/12/202. This applies to open market business where DXC perform the triage and may also apply to Delegated business where the broker/coverholder/DCA assigned the correct status, using the file naming conventions to communicate that to DXC, but DXC nonetheless processed the COR with the wrong status.	Close old COR and open new COR with corrected trust fund code
3 Master List transferring status disputes process*		Correction of a Master List OSND with a definitive status of Transferring or Not Transferring is incorrect	Creation of a new FDO with a corrected transferring status to correct the OSND on the Master List with an incorrect definitive transferring status (ie. N or T; where claims movements have occurred since the SED, the broker will close down the UCR, create a new UCR and instruct DXC to close the old COR with the incorrect transferring status and create a new COR with a corrected transferring status	Close old COR and open new COR with corrected trust fund code under the new FDO

Bureau Part VII Dispute and Corrections

Open COR list one-time fix approach - Background



MA/ Syndicate



Bureau

Background

- The open COR list is intended to include all CORs that were open at the SED and are 'Transferring'
- 'Transferring' CORs were identified as any CORs associated with an OSND on the Master List with a 'Transferring' status, or any CORs associated with an OSND on the Master List that is 'Mixed' or 'Unknown' and were provided in the initial load by lead OR follow Managing Agents.
- It includes all 'Transferring' CORs open as at 31/10/2020 (from the pre Scheme Effective Date initial load). It also includes 'Transferring' 'delta' CORs open as at 30/12/2020 (from the post Scheme Effective Date initial load).
- All CORs on the open COR list were bulk tagged as 'Transferring' by DXC on the basis of the initial load submissions by Managing Agents in late 2020
- Any movements against CORs on the open COR list will always attract **Part 7 trust fund codes**. Conversely, any COR that was open at the SED and is not on the open COR list, will always attract a **non-Part 7** trust fund code

Issues identified

- Through discussions with Managing Agents, some issues have been identified with the open COR list
- These issues can be broken down into the below three categories:
 1. 'Not Transferring' CORs open at the SED included on the open COR list
 2. 'Transferring' CORs open at the SED missing from the open COR list
 3. 'Delta' 'Transferring' CORs opened between 1/11/2020 – 30/12/2020 that have since had movements and incorrectly attracted a **non-Part 7** trust fund code because the CORs were not on the open COR list
- To support remediation of these potential issues and following market feedback, the Programme is proposing to undertake a one-time fix to the open COR list

Bureau Part VII Dispute and Corrections

Open COR list one-time fix approach - summary



MA / Syndicate

Lloyd's Europe

Requested action of Managing Agents

- We are proposing that Managing Agents review the COR list across the three identified issues to support remedial activities, where applicable
 1. 'Not Transferring' CORs open at the SED included on the open COR list – **Programme to share open COR list where the MA is the Master List lead**
 - ACTION: Confirm if any CORs on the open COR list should be removed. This will require the MA to supply the geographical attributes of the COR (FIL codes, regulatory risk location and insured domicile) to confirm it is 'Not Transferring'
 - It is expected that for the large majority of CORs no action is required and the COR will remain on the open COR list
 - CORs associated with 'Transferring' OSNDs on the Master List are supplied but are not in scope for this process. Any CORs that are associated with a 'Transferring' OSND that Managing Agents believe should not be on the open COR list need to go through the Master List transferring status disputes process. The implication being that the Master List is also wrong for the OSND and needs to be corrected first, before the claim transferring status can be corrected and linked to the new FDO
 2. 'Transferring' CORs open at the SED missing from the open COR list
 - a) Where the MA is the Master List lead
 - b) Where the MA is not the Master List lead**Programme to provide template for CORs to be added to the open COR list**
 - ACTION: Managing Agents to provide the data required for any 'Transferring' CORs open at the SED that need to be added to the open COR list including the geographical attributes of the COR (FIL codes, regulatory risk location and insured domicile) to confirm it is 'Transferring'
 3. 'Delta' 'Transferring' CORs opened between 1/11/2020 – 30/12/2020 that have since had movements and incorrectly attracted a **non-Part 7** trust fund code because the CORs were not on the open COR list – **Programme to supply backlog of CORs where the MA is the Master List lead to confirm the CORs should go onto a backlog for DXC to remediate as 'Transferring' CORs**

Bureau Part VII Dispute and Corrections

Open COR list one-time fix approach – Programme and MDC activity



MA / Syndicate Lloyd's Europe

Programme actions

- Create a backlog of CORs to be remediated with new CORs **without** a Part VII trust fund code for all CORs where Managing Agents stated 'Yes' that they should be removed from the open COR list in action 1
 - Any CORs supplied against 'Transferring' OSNDs will not be added to the backlog. These CORs will need to go through the master List transferring status disputes process because the implication is that the OSND transferring status on the Master List is incorrect
- Append to the open COR list all additional 'Transferring' CORs open at the SED provided by Managing Agents in action 2a (where the MA is the Master List lead)
 - All CORs provided in action 2a will be appended following the return of data by MAS
 - Any CORs in this list that have moved post SED, and therefore attracted an incorrect trust fund code, will be put into a backlog to be remediated by DXC
- Review and seek agreement with the Master List lead for all additional 'Transferring' CORs open at the SED provided by Managing Agents in action 2b (where the MA is not the Master List lead)
 - MA review required by the Master List Lead to confirm that the COR is 'Transferring'
 - Proposal that the COR list appends will be a two-step process
 - All CORs provided in action 2b will be subject to a review step before being appended or will be subject to further review depending on the Master List lead response
 - Any CORs in this list that have moved post SED, and therefore attracted an incorrect trust fund code, will be put into a backlog to be remediated by DXC
- Create a backlog of CORs to be remediated with new CORs **with** a Part VII trust fund code for all CORs where Managing Agents confirmed that they should be corrected to 'Transferring' in action 3
- Share the open COR list with Managing Agents for all CORs where the Managing Agent is **lead and follow** to provide transparency and certainty on future trust fund coding

MA actions

- Perform required MDC actions:
 - For CORs which were open on 30/12/2020, which are **considered 'Transferring'** but were considered 'Not Transferring,' a submission of this newly identified claim needs to be included in the next monthly Claims file
 - For CORs which were open on 30/12/2020 which are **now considered 'Not Transferring'** but were considered 'Transferring,' correction lines in an Initial Load catch-up **and** a Monthly submission will be required

Bureau Part VII Dispute and Corrections

Open COR list disputes process – MDC Data Submission



MA / Syndicate Lloyd's Europe

Claims COR – ‘Non-Transferring’ to ‘Transferring’

Following the dispute process, a claim has become in scope of Part VII after the status on the OSND changed from **Non-Transferring** to **Transferring**.

1. Current situation within the Part VII Systems

No claim transaction has been submitted via MDC to Lloyd's Europe

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Latest Position									

2. Expected situation after the dispute and correction process

Provide the Part VII transactions received from DXC via MDC after the change of the COR status from Non-Transferring to Transferring:

- For a new in scope claim, all these transactions can be submitted via the **Monthly Load Claims** file, this means that it is not required to provide these new in scope CORs via an Initial load first.

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Monthly Load	S	A051234 5	AQ	XXX5	56789 – 03/10/2020	EUR	-150	-250	-50
Latest Position		A051234 5	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-250	-50

Bureau Part VII Dispute and Corrections

Open COR list disputes process – MDC Data Submission



MA / Syndicate | Lloyd's Europe

Claims COR – 'Transferring' to 'Non-Transferring'

Where a COR is deemed **Not Transferring** following the dispute process, the Contra and Replacement principles need to be applied in order to clear down the values associated with this Claim record.

1. Current situation within the Part VII Systems

An Initial load position and / or monthly claims transactions has been provided via MDC to Lloyd's Brussels for this triaged out claim

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Initial Load as at SED	S	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	<N/A>	-200	-1,200
Monthly Load (Post-SED)	S	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-300	-1,100
Latest Position		A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-300	-1,100

2. Expected situation after the dispute and correction process

Provide the following transaction via MDC after the change of the COR status from Transferring to Non-Transferring:

1. Provide the replacement transactions received from DXC as a standard transaction within the Monthly load. This will result in a correction of the previous submitted transactions.

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Monthly Load	C	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	100	0	0
Latest Position		A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	0	0	0

Bureau Part VII Dispute and Corrections

Triage outcome disputes process for claims opened on or after
21.12.2020 – 2a) Broker / Coverholder / DCA Triage



Lloyd's Europe MA/ Syndicate



Broker



CH / DCA



Bureau

What does the Broker / Coverholder / DCA Triage outcome dispute process apply to?

The Broker / Coverholder / DCA Triage outcome dispute process applies to cases where the Lead Syndicate disagrees with the status assigned by the Coverholder / DCA / Broker during triage of CORs open on or after 21.12.2020 associated with binding authorities or lineslips attaching to an OSND with a 'Mixed' or 'Unknown' or newly identified status

Scope

Claims transactions associated with binding authorities or lineslips with a 'Mixed' or 'Unknown' Master List transferring status or newly identified OSNDs that are not on the Master List

How should I raise a dispute?

The Lead Managing Agent is responsible for the resolution of any disputes for this process. The Bureau instruction should be populated with the relevant CORs in the CORs tab as applicable and be provided to the Programme / Lloyd's Europe

Process overview

Lead Syndicate

- Before making a decision on the outcome of the dispute, the Lead Syndicate must first liaise with the Coverholder / DCA / Broker who assigned the status that has been used by DXC
- Where the Master List Lead Syndicate then wishes to correct the Part VII triage outcome for one or multiple transactions, the lead MA will prepare a Part VII bureau instruction using the agreed template. The template will enable Managing Agents to provide a bulked instruction directly to DXC to close down the existing impacted COR, and create a new COR for each COR included in the template
- Every COR must relate to a 'Mixed' or 'Unknown' OSND on the Master List, or be Newly Identified (not on the Master List). Disputed claims associated with a definitive 'Transferring' or 'Not Transferring' status on Master List will need to follow the Master List transferring status disputes process. CORs open at the SED but missing from or incorrectly included in the open COR list will need to follow the COR remediation process.
- All fields in the template must be populated to ensure transactions can go through the process

Programme / Lloyd's

- The Programme / Lloyd's will collate all transactions submitted through this process and notify central contacts at Brokers of all relevant transactions prior to DXC processing
- The Programme / Lloyd's will perform a QA check against the completeness of the templates and ensure all transactions are related to 'Mixed' or 'Unknown' or newly identified OSNDs
- The Programme will pass a backlog of CORs to DXC to be closed down, and a new COR to be created, and communicate to Managing Agents any transactions that were received cannot be included in the processing window

Bureau Processing

- DXC will close down the existing impacted COR, and create a new COR under the existing UCR and the same OSND; any claim payments since SED will be refunded from the old COR and paid to the new COR – exact timescales will vary in each window and will be driven by market volumes

Data submissions

- Upon receipt of the new COR, lead and follow syndicates will need to perform the necessary corrections via MDC - more details in the following pages

Bureau Part VII Dispute and Corrections

Triage outcome disputes process for claims opened on or after 21.12.2020 –
2c) Bureau Triage



MA/ Syndicate



Broker



Lloyd's Europe



Bureau

What does the Bureau Triage outcome dispute process apply to?

The Bureau Triage outcome dispute process applies to cases where the Lead Syndicate disagrees with the status assigned by DXC during processing / triage of CORs opened on or after 21/12/2020. This applies to open market business where DXC perform the triage and may also apply to Delegated business where the broker/coverholder/DCA assigned the correct status, using the file naming conventions to communicate that to DXC, but DXC nonetheless processed the COR with the wrong status.

Scope

Claims transactions associated with a 'Mixed' or 'Unknown' Master List OSND transferring status or newly identified OSNDs that are not on the Master List

How should I raise a dispute?

- This process should only be followed where the Managing Agent is certain the error is not as a result of; i) Broker / Coverholder / DCA triage, or ii) the open COR list, or iii) a Master List status dispute
- The Lead Managing Agent is responsible for the resolution of any disputes for this process. The Bureau instruction should be populated with the relevant CORs in the CORs tab as applicable and be provided to the Programme / Lloyd's Europe

Process overview

Lead Syndicate

- Where the Master List Lead Syndicate then wishes to correct the Part VII triage outcome for one or multiple transactions, the lead MA will prepare a Part VII bureau instruction using the agreed template. The template will enable Managing Agents to provide a bulked instruction directly to DXC to close down the existing impacted COR, and create a new COR for each COR included in the template
- All fields in the template must be populated to ensure transactions can go through the process

Programme / Lloyd's Europe

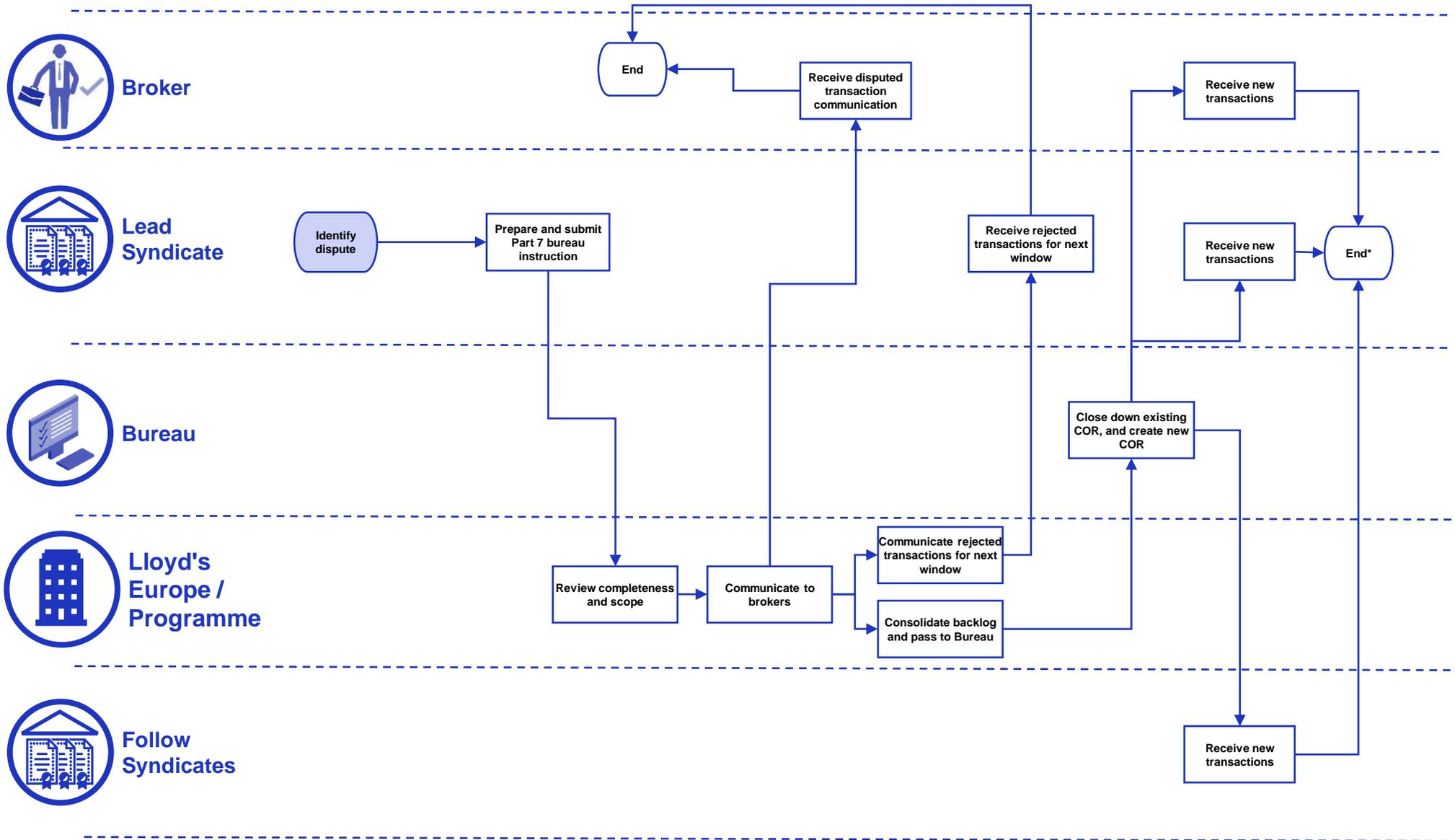
- The Programme / Lloyd's will collate all transactions submitted through this process and notify central contacts at Brokers of all relevant transactions prior to DXC processing
- The Programme / Lloyd's will perform a QA check against the completeness of the templates and ensure all transactions are related to 'Mixed' or 'Unknown' or newly identified OSNDs
- The Programme will pass a backlog of CORs for remediation to DXC to be closed down, and a new COR to be created, and communicate to Managing Agents any transactions that cannot be included in the processing window

Bureau Processing

- DXC will close down the existing impacted COR, and create a new COR under the existing UCR and the same OSND; any claim payments since SED will be refunded from the old COR and paid to the new COR – exact timescales will vary in each window and will be driven by market volumes but will follow BAU corrections procedures and timelines

Data submissions

- Upon receipt of the new COR, lead and follow syndicates will need to perform the necessary corrections via MDC - more details in the following pages



Bureau Part VII Dispute and Corrections

Triage outcomes disputes process – MDC Data Submission



MA / Syndicate Lloyd's Europe

Claims COR – ‘Non-Transferring’ to ‘Transferring’

Following the dispute process, a claim has become in scope of Part VII after the status on the OSND changed from **Non-Transferring to Transferring**.

1. Current situation within the Part VII Systems

No claim transaction has been submitted via MDC to Lloyd's Europe

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Latest Position									

2. Expected situation after the dispute and correction process

Provide the Part VII transactions received from DXC via MDC after the change of the COR status from Non-Transferring to Transferring:

- For a new in scope claim, all these transactions can be submitted via the **Monthly Load Claims** file, this means that it is not required to provide these new in scope CORs via an Initial load first.

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Monthly Load	S	A051234 5	AQ	XXX5	56789 – 03/10/2020	EUR	-150	-250	-50
Latest Position		A051234 5	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-250	-50

Bureau Part VII Dispute and Corrections

Triage outcomes disputes process – MDC Data Submission



MA / Syndicate Lloyd's Europe

Claims COR – 'Transferring' to 'Non-Transferring'

Where a COR is deemed **Not Transferring** following the dispute process, the Contra and Replacement principles need to be applied in order to clear down the values associated with this Claim record.

1. Current situation within the Part VII Systems

An Initial load position and / or monthly claims transactions has been provided via MDC to Lloyd's Brussels for this triaged out claim

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Initial Load as at SED	S	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	<N/A>	-200	-1,200
Monthly Load (Post-SED)	S	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-300	-1,100
Latest Position		A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-300	-1,100

2. Expected situation after the dispute and correction process

Provide the following transaction via MDC after the change of the COR status from Transferring to Non-Transferring:

1. Provide the replacement transactions received from DXC as a standard transaction within the Monthly load. This will result in a correction of the previous submitted transactions.

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Monthly Load	C	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	100	0	0
Latest Position		A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	0	0	0

Bureau Part VII Dispute and Corrections

Disputes Materiality



Lloyd's Europe MA/ Syndicate



Bureau

A formal communication, titled 'Part VII Disputes Materiality' was issued on Monday, 8 November, finalising a materiality position across the one-time fix and BAU disputes processes, as outlined below:

Premiums

No premium transactions processed since Scheme Effective Date (SED), where the Part VII status has been disputed by the Lead MA, are required to be subject to disputes remediation. Nor are future premium transactions required to be subject to disputes remediation if the Part VII status is disputed by the Lead.

Lloyd's Europe and Lloyd's have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd's Europe and Lloyd's of incorrectly processed business, is sufficiently low to not justify further mitigation.

- This applies across one-time fix and BAU disputes processes

Claims

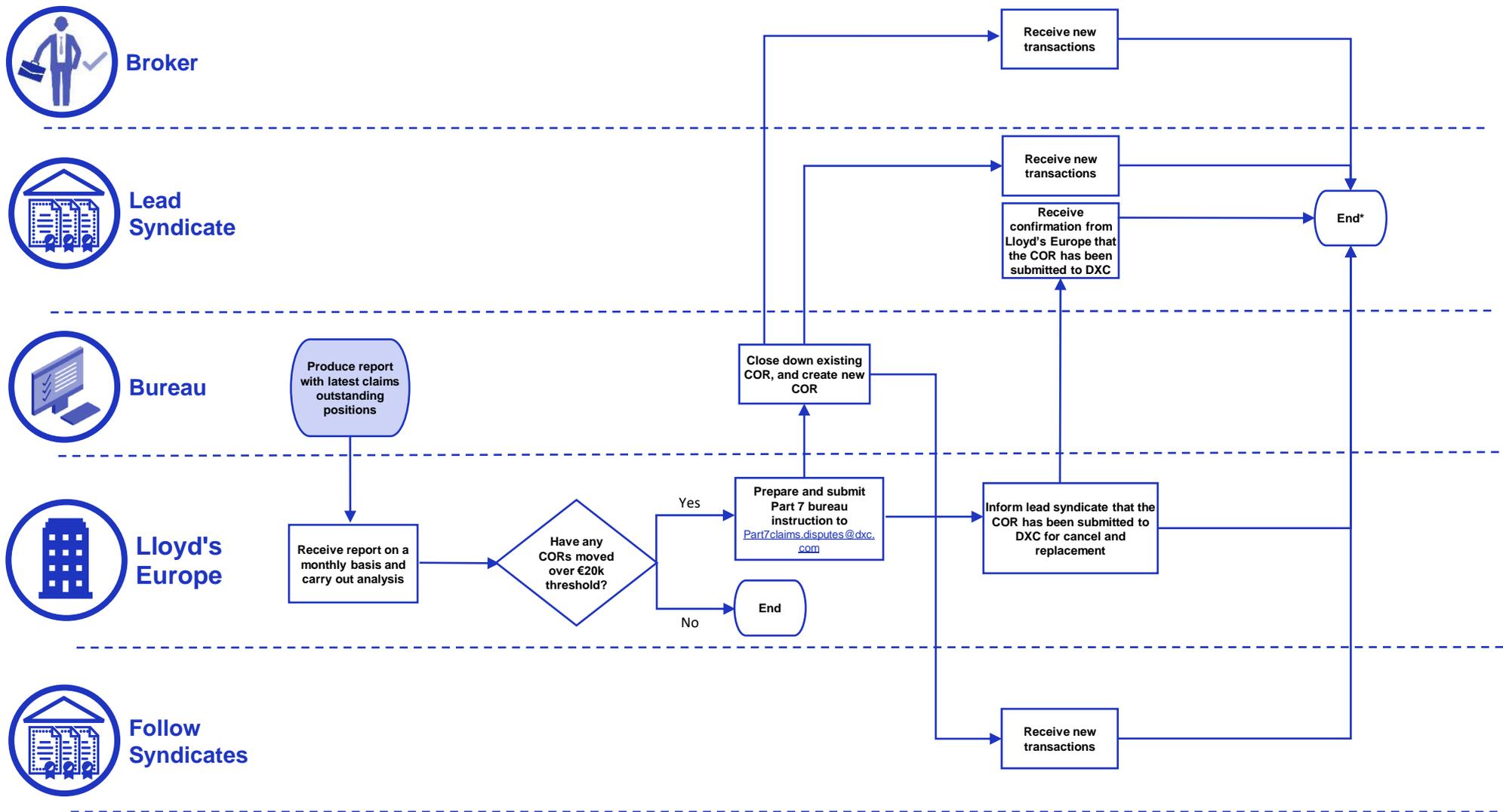
A materiality threshold of €20k claims outstanding (Lloyd's share) has been applied to the fixed volume of claims disputed by Managing Agents to date: claims open at SED, and claims with a Master List status of mixed or unknown where the triage determination of Brokers or Coverholders (for Delegated business), or of DXC (for Open market business), has been disputed by Managing Agents. Claims with an outstanding position below the materiality threshold will not be subject to disputes remediation process. Lloyd's Europe will monitor the outstanding position of all claims below the materiality threshold. If claims outstanding positions on this fixed volume rise above the materiality threshold, those claims will be submitted by Lloyd's Europe into DXC for dispute remediation. Lloyd's Europe and Lloyd's are satisfied this control manages the risks for Lloyd's Europe and the market appropriately and in a proportionate way.

- This materiality threshold applies to the one-time fix disputes processes only (i.e. Open COR list one-time fix and claims triage outcome disputes)

All new claims (regardless of value) where the Part VII status is disputed by Leads are required to be submitted into the disputes resolution process.

- This applies to BAU disputes processes – we anticipate that the BAU claims triage outcome disputes process will be used as required, and the Master List transferring status disputes process and open COR list disputes process should be used in **exceptional circumstances only**

Lloyd's will not seek to take enforcement action for PTF breaches that arise as a result of premium disputes, or claims transactions below the threshold settling from the wrong account for the fixed volume of claims disputed by the Managing Agents to date via the one-time fix processes.



Bureau Part VII Dispute and Corrections

Master List lead disputes summary



MA / Syndicate Lloyd's Europe

Dispute process	Description	Remediation activity
<p>1 Master List lead status one time fix</p>	<p>The Lead identified on the existing Master List lead is deemed to be the incorrect Master List lead, based on data supplied by Managing Agents into MDC; this one-time fix process applies to OSNDs in the Book of Record that have only one lead syndicate submitted into MDC, which is a different lead to the Master List lead</p>	<p>Managing Agents update their own records with new lead statuses; Lloyd's Europe update central Master List with new lead statuses</p>

Bureau Part VII Dispute and Corrections

Master List lead remediation - Context



MA / Syndicate

Lloyd's Europe

Context

- Market feedback has consistently highlighted issues with the accuracy of the lead status in the Master List
- For context, the lead status in the Master List was derived from the first syndicate on the Original Signing Number and Date from DXC systems. There is no centrally held mastered view of lead data held across the market
- Following market consultation, it was agreed in November 2020 that Managing Agents should submit their view of the lead syndicate into MDC even if this does not align with the Master List lead
- This instruction provided the Programme with a structured view of the data where the market disagrees with the lead status on the Master List for all OSNDs that have been submitted into MDC
- To form this view, a complete list of all of the OSNDs submitted into MDC and contained within the Book of Record was supplied to the Programme on 26 April, 2021
 - The analysis of the 305k OSNDs is shown overleaf

Bureau Part VII Dispute and Corrections

Master List lead remediation - Analysis



MA / Syndicate

Lloyd's Europe

Analysis overview

- Preliminary analysis of c.305k total OSNDs within the Book of Record (BoR) shows:
 - 65% of all OSNDs in the BoR have no contention between the lead syndicate in the Master List and MDC
 - 23% of all OSNDs in the BoR have only one lead syndicate submitted in MDC which is a different lead to the Master List lead – Proposal is to adopt the MDC lead
 - The MDC lead for 20% of these OSNDs was not submitted by that MDC lead
 - The MDC lead for 3% of these OSNDs was submitted by that MDC lead
 - 12% of all OSNDs in the BoR have more than one lead syndicate reported in MDC and some form of contention against the Master List

Category	% of Total OSNDs in the Book of Record
1) No lead contention within MDC	65%
2) One lead in MDC that differs to the ML lead	23%
2a) MDC lead is not submitted by that MDC lead	(20%)
2b) MDC lead is submitted by that MDC lead	(3%)
3) Multiple leads in MDC	12%

Bureau Part VII Dispute and Corrections

Master List lead remediation – Approach (1/2)



MA / Syndicate

Lloyd's Europe

Proposed Approach

- Following presentation of the analysis on the preceding slide to the disputes working group, it was agreed that the Programme would request two actions from Managing Agents:
 1. Review and approve / reject adopting all of the OSNDs falling into Category 2* as the new Master List lead – the Programme supplied this list of OSNDs to each lead Managing Agent on 19 May, 2021
 2. Supply a list of OSNDs where Managing Agents believe they are the lead but have not been supplied the data as part of Category 2, e.g. Category 3** – the Programme provided a template for completion on 19 May, 2021

Files for Managing Agent review (timeline: 19 May – 4 June)

- Based on data from the Book of Record, the Programme supplied Managing Agents with files for review, in which they were asked to complete the two actions outlined above
 - Tab 1 contained OSNDs where the Managing Agent had submitted data into MDC identifying themselves as the lead syndicate on those OSNDs
 - Managing Agents were asked to state 'Yes' against every OSND in the list where they accept becoming the new lead syndicate on the Master List on the basis of the MDC submissions, and 'No' where they do not agree to become the new Master List lead
 - The data provided by the Programme to assist completion of this activity was OSND, UMR (where applicable), Carrier Reference (where applicable), Master List lead syndicate, and MDC lead syndicate
 - Tab 2 provided Managing Agents with the opportunity to populate OSNDs where they believe they are the lead and are not listed as the lead on the Master List
 - This was restricted to OSNDs that are active or have open claims, but was not a mandatory activity for Managing Agent completion
 - The data Managing Agents were asked to provide, if they decided to complete this activity, was OSND, OSN, OSD, and proposed new Master List lead syndicate

Bureau Part VII Dispute and Corrections

Master List lead remediation – Approach (2/2)



MA / Syndicate

Lloyd's Europe

Output

- As at 21 June, c.13k OSNDs were accepted by Managing Agents as part of the Category 2** data supplied by the Programme; this represents a c.4% change in the Master List lead status of all the OSNDs held within the Book of Record
- A further c.2k OSNDs were claimed by Managing Agents in the template provided by the Programme; this number was reduced to c. 100 OSNDs when out of scope OSNDs were removed
 - Out of scope OSNDs include: 1) OSNDs not present in the Book of Record, 2) OSNDs relating to Category 1*, 3) OSNDs accepted as part of the Category 2 data request, 4) OSNDs claimed by multiple Managing Agents

Delta Files

- Based on the 37 returned files received by the Programme, delta files were created and issued to Managing Agents on 24 June, 2021 to confirm where the Managing Agent is now the Master List lead and no longer the Master List lead, as a result of this activity
- The delta files include 4 tabs which provide the following:
 - Tab 1: All OSNDs accepted as the new Master List lead by Managing Agents as part of Category 2
 - Tab 2: All OSNDs where the Managing Agent is no longer the Master List lead as they were accepted by another Managing Agent as part of Category 2
 - Tab 3: All OSNDs claimed as the new Master List lead by Managing Agents as part of tab 2
 - Tab 4: All OSNDs where the Managing Agent is no longer the Master List lead as they were claimed by another Managing Agent as part of tab 2

Master List updates

- The Programme / Lloyd's Europe updated the Lloyd's Europe Master List at the end of July to incorporate the updated lead statuses in the August iteration of detective controls
- Managing Agents were requested to update their records with the updated lead statuses, where necessary

Bureau Part VII Dispute and Corrections

BAU Part VII disputes processes



Four potential disputes scenarios have been identified as part of the BAU Lloyd's Part VII solution 1) Master List transferring status disputes, 2) Triage outcome disputes, 3) Open COR list disputes, and 4) Master List Lead disputes

Dispute Process	Progress to date	Expectation in BAU
 <p>1) The Master List transferring status dispute process</p>	<p>The Programme and the market have undertaken an extensive one-time fix exercise to the Master List; DXC processing of the 2.3k in scope OSNDs is now underway</p>	<p>The BAU Master List transferring status disputes process is expected to be used in exceptional circumstances only; there will be no ongoing Programme support and any future disputes will be reliant on broker processing</p>
 <p>2) BAU Triage outcome disputes process</p>	<p>All triage disputes from H1 2021 have been collated and the Programme have applied a materiality threshold prior to processing</p>	<p>It is expected that triage disputes will continue in BAU albeit to a lesser degree</p>
 <p>3) The open COR list dispute process</p>	<p>The Programme and the market have undertaken an extensive one-time fix exercise to the open COR list; an append of previously missing CORs is complete and processing of CORs with a threshold of >€20k is underway</p>	<p>The BAU open COR list disputes process is expected to be used in exceptional circumstances only; there will be no ongoing Programme support</p>
 <p>4) The Master List Lead dispute process</p>	<p>The Programme and the market have undertaken an extensive one-time fix exercise to the Master List lead status; where possible and agreed by MAs, c.11k lead statuses have been updated</p>	<p>It is expected that lead disputes will continue in BAU (albeit to a lesser degree); given the manual and resource intense nature of the process, the Programme is seeking to limit the volumes by triggering this process only where there is a dispute in the above three processes or requests for documents that the ML lead cannot fulfil</p>

Bureau Part VII Dispute and Corrections

BAU Master List transferring status disputes process – Summary



Lloyd's Europe MA/ Syndicate



Broker



CH / DCA



Bureau

What does the BAU Master List transferring status disputes process apply to?

- The Lead Syndicate believes that a Master List OSND with a definitive status of 'Transferring' or 'Not Transferring' is incorrect
- Given the one-time fix activity conducted in Q2 and Q3 2021 by the Programme and the market, this process is designed to be used in exceptional circumstances only. This reflects i) the fact that the resource and effort expended across the market on the one-time fix activity will not be available in BAU, ii) the manual, resource intense nature of the process, and iii) the reliance on broker submissions

Scope

- OSNDs on the Master List with a definitive 'Transferring' or 'Not Transferring' status only; this process does not apply to 'Mixed' or 'Unknown' Master List records or Newly Identified OSNDs – all of which will be subject to triage processes to determine their Part VII status
- The process should only be initiated for OSNDs that are active, e.g. open claims attaching to the OSND
- OSNDs with premium signings attached (i.e. gross unearned premium) are **not** in scope of this process. Lloyd's and Lloyd's Europe have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd's and Lloyd's Europe of incorrectly processed business, is sufficiently low to not justify further mitigation

How should I raise a dispute?

- There may be circumstances where Brokers or follow Managing Agents disagree with the Master List status of an OSND. In this case they should liaise with the lead Managing Agent (as identified on the Part VII Master List). The Lead Managing Agent is responsible for the resolution of any disputes for this process
- If the Lead Managing Agent wishes to initiate a Master List transferring status dispute, they should prepare the Part VII bureau instruction and send to lloyds europe.info@lloyds.com to initiate the process. The Part VII bureau instruction will request details of the OSND and CORs processed since 21.12.2020 that require remediation. All CORs that are open or have reopened since the SED should be remediated through this process irrespective of materiality to avoid running multiple UCRs on the same contract
- The Master List lead MA will be informed of the outcome following review by Lloyd's Europe. If the dispute is successful the MA will continue the process below

Process overview

Lead Syndicate

- The lead MA will submit the Part VII bureau instruction to the relevant broker(s). This will detail which transactions, if any need cancelling, and whether replacements and new claims should be classified as transferring (Part VII Y) or non-transferring (Part VII N)
 - When creating the Part VII bureau instruction, the lead MA should check whether there have been any additional recent transactions to include since SED; any associated AP/RP that has been processed post SED will not be remediated due to Lloyd's and Lloyd's Europe's regulatory risk-acceptance of incorrectly processed premium business, as outlined in the scope section above
 - In the event of multiple OSNDs being provided on one bureau instruction, and more than one broker of record associated with the instruction, one instruction per broker for the relevant OSNDs will be required

Broker

- It is not possible to correct the status on an OSND. A new FDO will be required for each OSND successfully disputed
- The broker(s), on instruction from the Lead Managing Agent, will submit the FDO transaction(s) to DXC and include the Part VII bureau instruction
 - Once a new FDO signing number & date has been returned by DXC, the broker will submit claim transactions to close any impacted CORs and create new UCRs under the new FDO
 - The broker will use narrative on both the old and new UCRs to identify the relationship between the old and new UCR details
 - Any claim payments since SED will need to be refunded from the old COR and paid to the new COR. To mitigate the risk of unsynchronised signings the market will need to use non-cash processing rather than cash
 - The broker does not need to submit corrections for any AP/RPs in association with the disputed OSND
- Post dispute resolution, the lead Managing Agent should verify that there have been no transactions during the disputes process; if transactions have occurred, the lead MA must initiate the cancel and replace process through the Part VII bureau instruction

Bureau Part VII Dispute and Corrections

BAU Master List transferring status disputes process – Bureau Processing



Hyperlink



MA/ Syndicate



Broker



Bureau



Lloyd's Europe

Bureau Processing

Premiums

- DXC will sign new Part VII FDO(s) for every OSND included in the Bureau instruction and process any premium transactions which need cancelling and replacing in line with the Part VII Bureau instruction
 - All subsequent signings on the new FDO will be processed in line with the instruction
 - The “old” OSND which has been replaced by the new FDO will be blocked for further transactions
 - The DXC technician will include content in the “Period Narrative” field (max 40 chars) which will detail the transferring status of the “new” FDO, and the reference and ML status of the “old” OSND e.g. ‘*FDO (NT) - replaces 11111-01012020 (T)*’
- All future transactions will be processed in line with the transferring status for the new FDO

Claims

- Where instructed to do so DXC will close down the existing impacted COR / UCR and create new CORs under the new broker UCR
- Any claims payments since SED will be refunded from the old COR / UCR and reinstated under the new COR / UCR
- These steps can only take place once the new FDO has been created by DXC

See [here](#) for worked examples of the bureau messages generated as a result of a Master List dispute

Bureau Part VII Dispute and Corrections

BAU Master List transferring status disputes process - Reporting



MA/ Syndicate



Broker



Bureau



Lloyd's Europe

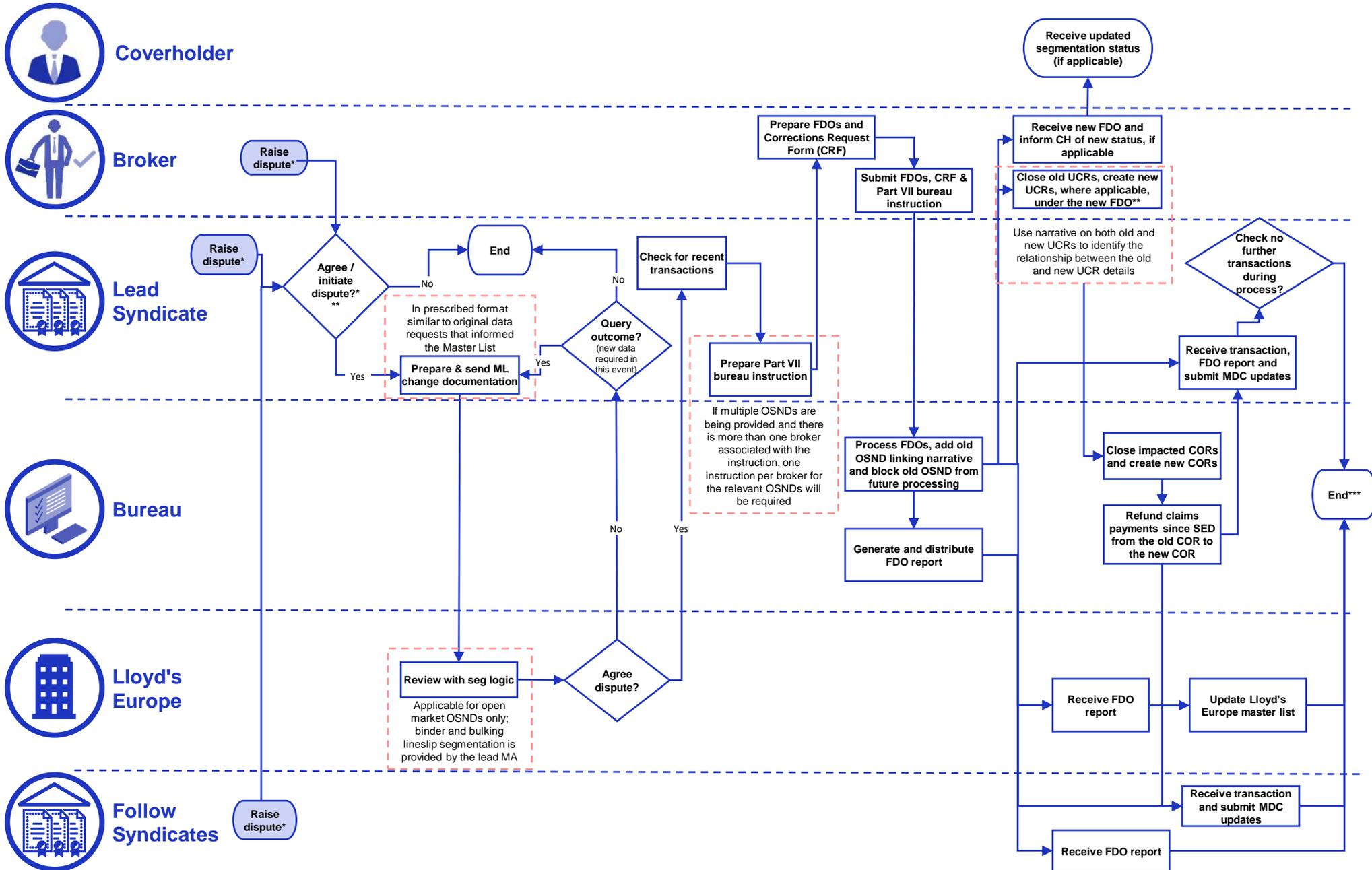
Reporting

- DS1300, the FDO report, is distributed to Part VII disputes points of contacts, for both Managing Agents and Brokers, on a weekly basis
- It provides Managing Agents and Brokers with visibility of replacement FDOs that have been created as a result of the Part VII Master List transferring status disputes process
- Follow markets are not involved in the agreement of this process but will be informed via a weekly report of new FDOs which will include the relevant Period Narrative and the new OSND
- Selection criteria: All FDO's created in prior week with a year of account of 2020 or prior
- The report is provided cumulative, ever to date, and identifies:
 - The new FDO signing number and date and its transferring status
 - The old OSND that the FDO is replacing – linked through the period narrative field
 - The old (incorrect) transferring status of the disputed OSND – linked through the period narrative field

• **Data fields:**

- Syndicate Number
- Slip type
- Syndicate reference
- Business category
- Year of Account
- Trust fund code
- Broker reference 1
- Broker reference 2
- Processing date
- Full Period Narrative
- FDO SNAD / OSND
- UMR
- FIL Code 1 (and description)
- FIL Code 2 (and description)
- FIL Code 3 (and description)
- Risk Code
- Delink code
- Broker code
- Old OSN
- Old OSD
- Old Transferring Status
- New Transferring Status
- Part VII Master List Disputes FDO

BAU Master List transferring status disputes process



*This process should only be initiated where there are incorrect claims transactions; please do not initiate the process due to incorrect premium signings due to Lloyd's and Lloyd's Europe's risk-acceptance of incorrectly processed premium business

**Any claim payments since SED will need to be refunded from the old UCR and paid to the new UCR. To mitigate the risk of unsynchronised signings the market will need to use non-cash processing rather than cash

***Lead and Follow Managing Agents will be required to submit MDC data as outlined in the following slides

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process – MDC Data Submission (1/5)

The outcome of the Master List transferring dispute process might have an impact on the MDC Submissions. The guidance provided in these slides is relevant to Syndicates that are required to submit transaction via MDC as a result of the Master List Transferring status Dispute process

This guidance gives a detailed overview of the required actions per scenario. Please follow this Guidance after a dispute has been settled.

Submission	#	Scenario	Actions
Premium	1	The status of an OSND changes from non-transferring to transferring or Mixed and would therefore not have been submitted in previous data submissions.	<ul style="list-style-type: none"> - Initial Load Catch-Up - Provide the 'SED' and the 'to date' position via the Initial Load Catch-up for the new FDO in scope - Monthly Load - Provide monthly transactions via the Monthly Load for future signings
	2	The status of an OSND that has been submitted via MDC changes from transferring to Non-transferring or Mixed following the Master List status dispute process	<ul style="list-style-type: none"> - No MDC actions are required
Claims	3	The Status of a COR/OSND changes from non-transferring to transferring or Mixed and the claim would therefore not have been submitted in previous data submissions	<ul style="list-style-type: none"> - Monthly Load - Provide the replacement transactions received from DXC as a standard transaction within the Monthly Load. This will result in a correct cash position that reconciles with the Part VII Bank account
	4	The Status of a COR/OSND that has been submitted via MDC changes from transferring to non-transferring or Mixed following the Master List dispute process.	<ul style="list-style-type: none"> - Monthly Load – Provide the replacement transactions received from DXC as a standard transaction within the Monthly load. This will result in a correction of the previous submitted transactions.

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process – MDC Data Submission (2/5)



MA / Syndicate Lloyd's Europe

MDC Scenario 1: Premium OSND – ‘Non-Transferring’ to ‘Transferring’

Following the dispute process, if the status of an OSND changes from **non-transferring to transferring or Mixed** and would therefore not have been submitted in previous MDC data submissions

1. Current situation within the Part VII Systems

No premium transactions has been submitted via MDC to Lloyd's Europe

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Original Signing Number & Date	Type of Insurance	Settlement currency - Premium	Gross Premium Received up to Transfer Date	Gross Premium Received this transaction	Gross Premium Received to date
Latest Position										

2. Expected situation after the dispute and correction process

Provide the Part VII transactions via MDC to Lloyd's Europe

1. An **Initial Load catch-up** will be required with values accurate as at SED for fields which specify 'up to Transfer Date' or 'at Transfer Date'. For other 'to date' values, these will be reflective of the position when the catch-up is provided.
2. All further transactions received on this OSND must be submitted via the **Monthly Load** submissions going forward.

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Original Signing Number & Date	Type of Insurance	Settlement currency - Premium	Gross Premium Received up to Transfer Date	Gross Premium Received this transaction	Gross Premium Received to date
Initial Load Catch-up	S	B078913BPL06429	AQ	XXX5	56789 – 03/10/2020	DR	EUR	200	<N/A>	200
Monthly Load	S	B078913BPL06429	AQ	XXX5	56789 – 03/10/2020	DR	EUR	<N/A>	350	550
Latest Position		B078913BPL06429	AQ	XXX5	56789 – 03/10/2020	DR	EUR	200	350	550

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process – MDC Data Submission (3/5)



MA / Syndicate Lloyd's Europe

MDC Scenario 2: Premium OSND – 'Transferring' to 'Non-Transferring'

Where an OSND is deemed **Not Transferring** following the Master List status dispute process, the Contra and Replacement principles need to be applied in order to clear down the values associated with this Premium/Claim record.

1. Current situation within the Part VII Systems

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Original Signing Number & Date	Type of Insurance	Settlement currency - Premium	Gross Premium Received up to Transfer Date	Gross Premium Received this transaction	Gross Premium Received to date
Initial Load as at SED	S	B078913BPL06429	AQ	XXX5	56789 – 03/10/2020	DR	EUR	200	<N/A>	200
Monthly Load (Post-SED)	S	B078913BPL06429	AQ	XXX5	56789 – 03/10/2020	DR	EUR	<N/A>	350	550
Latest Position		B078913BPL06429	AQ	XXX5	56789 – 03/10/2020	DR	EUR	200	350	550

2. Expected situation after the dispute and correction process

No actions are required from the Managing Agent to correct this positions. These premium transactions will be written off.

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process – MDC Data Submission (4/5)



MA / Syndicate Lloyd's Europe

MDC Scenario 3: Claims COR / OSND – 'Non-Transferring' to 'Transferring'

Following the dispute process, a claim has become in scope of Part VII after the status on the OSND changed from **Non-Transferring** to **Transferring**.

1. Current situation within the Part VII Systems

No claim transaction has been submitted via MDC to Lloyd's Europe

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Latest Position									

2. Expected situation after the dispute and correction process

Provide the Part VII transactions received from DXC via MDC after the change of the COR status from Non-Transferring to Transferring:

- For a new in scope claim, all these transactions can be submitted via the **Monthly Load Claims** file, this means that it is not required to provide these new in scope CORs via an Initial load first.

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Monthly Load	S	A051234 5	AQ	XXX5	56789 – 03/10/2020	EUR	-150	-250	-50
Latest Position		A051234 5	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-250	-50

Bureau Part VII Dispute and Corrections

Master List transferring status disputes process – MDC Data Submission (5/5)



MA / Syndicate Lloyd's Europe

MDC Scenario 4: Claims COR / OSND – ‘Transferring’ to ‘Non-Transferring’

Where a COR is deemed **Not Transferring** following the Master List status dispute process, the Contra and Replacement principles need to be applied in order to clear down the values associated with this Claim record.

1. Current situation within the Part VII Systems

An Initial load position and / or monthly claims transactions has been provided via MDC to Lloyd's Brussels for this triaged out claim

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Initial Load as at SED	S	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	<N/A>	-200	-1,200
Monthly Load (Post-SED)	S	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-300	-1,100
Latest Position		A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-300	-1,100

2. Expected situation after the dispute and correction process

Provide the following transaction via MDC after the change of the COR status from Transferring to Non-Transferring:

- Provide the replacement transactions received from DXC as a standard transaction within the Monthly load. This will result in a correction of the previous submitted transactions.

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Monthly Load	C	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	100	0	0
Latest Position		A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	0	0	0

Bureau Part VII Dispute and Corrections

BAU Triage outcome disputes process for new CORs processed from 21.12.20 onwards – a) Broker / Coverholder / DCA Triage



Lloyd's Europe MA/ Syndicate



Broker



CH / DCA



Bureau

What does the Broker / Coverholder / DCA Triage outcome dispute process apply to?

The Broker / Coverholder / DCA Triage outcome dispute process applies to cases where the Lead Syndicate disagrees with the status assigned by the Coverholder / DCA / Broker during triage of claims associated with binding authorities or lineslips with a 'Mixed' or 'Unknown' or newly identified status and where the status assigned by DXC follows that status

Scope

- Claims transactions associated with binding authorities or lineslips with a 'Mixed' or 'Unknown' Master List status or newly identified OSNDs that are not on the Master List
 - All new claims that attract the incorrect Part VII status should be raised as a dispute, regardless of material value
- Premium signings (AP/RP/OP) are **not** in scope of this process. Lloyd's and Lloyd's Europe have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd's and Lloyd's Europe of incorrectly processed business, is sufficiently low to not justify further mitigation

How should I raise a dispute?

The Lead Managing Agent is responsible for the resolution of any disputes for this process. The Bureau instruction should be populated with the relevant CORs in the CORs tab as applicable and be provided to DXC; the bureau instruction must be populated with 2a in the relevant process reference column to make clear that the error is a 2a Broker / Coverholder / DCA Triage error

Process overview

Lead Syndicate

- Before making a decision on the outcome of the dispute, the Lead Syndicate must first liaise with the Coverholder / DCA / Broker who assigned the status that has been used by DXC
- Where the Master List Lead Syndicate then wishes to correct the Part VII triage outcome for one or multiple transactions, the lead MA will prepare a Part VII bureau instruction using the agreed template. The template will enable Managing Agents to provide a bulked instruction directly to DXC for CORs
- Every COR must relate to a 'Mixed' or 'Unknown' OSND on the Master List, or be Newly Identified (not on the Master List). Every COR must be viewed as having an incorrect trust fund code which requires the existing transaction with the incorrect trust fund code to be cancelled and a replacement transaction with a correct trust fund code created
- All fields in the template must be populated to ensure transactions can go through the process
- Claims disputes should be submitted through the Part VII bureau instruction to Part7claims.disputes@dxc.com

Bureau Processing

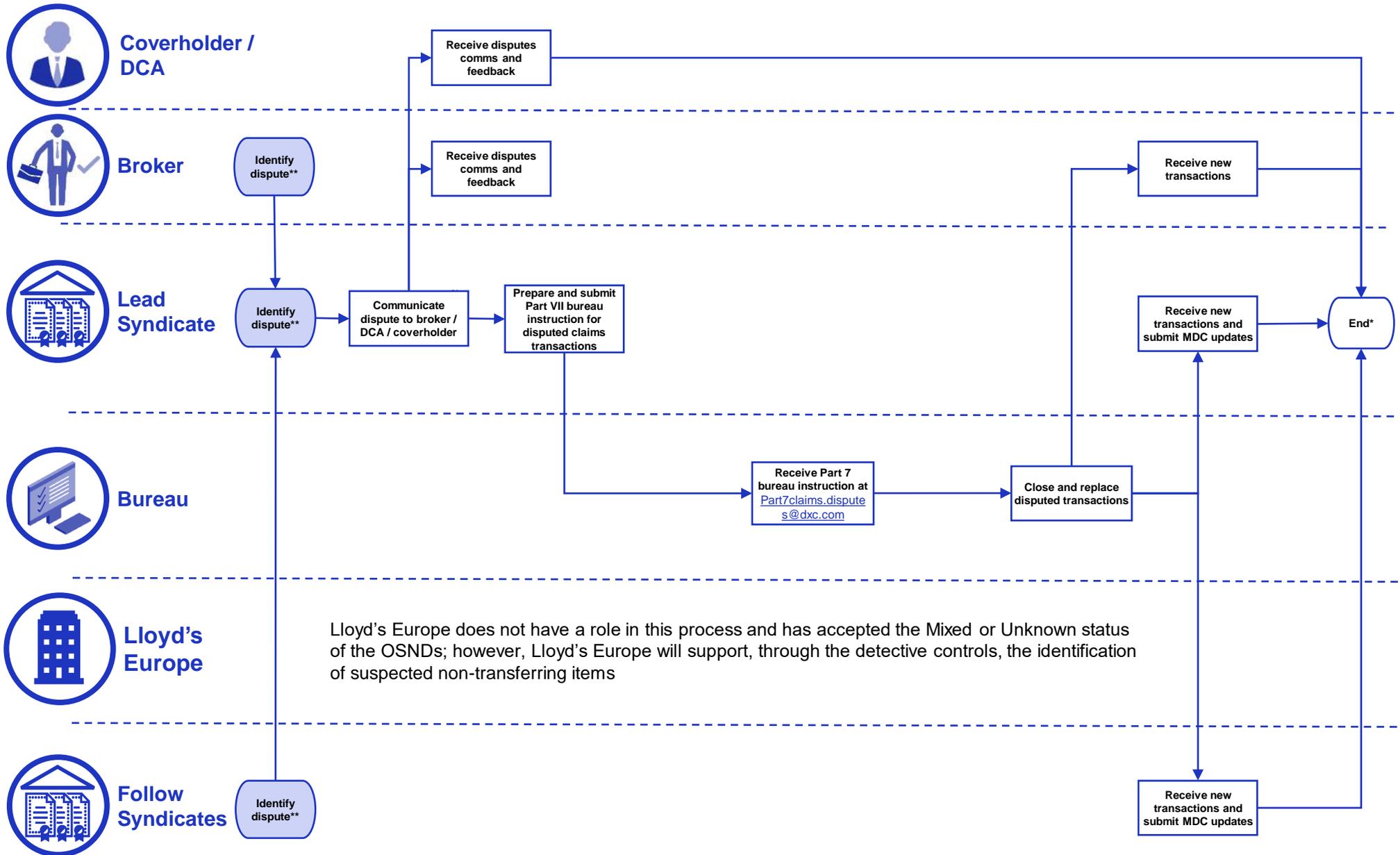
- For CORs, DXC will close down the existing impacted COR, and create a new COR under the existing UCR and the same OSND; any claim payments since SED will be refunded from the old COR and paid to the new COR - claims corrections will not follow the standard 48 hour SLA due to the potential impact on other processing activity

Data submissions

- Upon receipt of the cancel and replacement COR, lead and follow syndicates will need to perform the necessary corrections via MDC - more details in the following pages

Lloyd's Europe

- Lloyd's will not be involved in the BAU triage outcomes disputes process as Lloyd's has already accepted the 'Mixed,' 'Unknown' or 'Newly Identified' status of each OSND



Bureau Part VII Dispute and Corrections

BAU Triage outcome disputes process for new CORs processed from 21.12.20 onwards – c) Bureau Triage



MA/ Syndicate



Broker



Lloyd's Europe



Bureau

What does the Bureau Triage outcome dispute process apply to?

The Bureau Triage outcome dispute process applies to cases where the Lead Syndicate disagrees with the status assigned by DXC during processing / triage of a COR attaching to an OSND on the Master List with a 'Mixed' or 'Unknown' status and to newly identified OSNDs

Scope

- Claims transactions associated with binding authorities or lineslips with a 'Mixed' or 'Unknown' Master List status or newly identified OSNDs that are not on the Master List
 - All new claims that attract the incorrect Part VII status should be raised as a dispute, regardless of material value
- Premium signings (AP/RP/OP) are **not** in scope of this process. Lloyd's and Lloyd's Europe have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd's and Lloyd's Europe of incorrectly processed business, is sufficiently low to not justify further mitigation

How should I raise a dispute?

The Lead Managing Agent is responsible for the resolution of any disputes for this process. The Bureau instruction should be populated with the relevant CORs in the CORs tab as applicable and be provided to DXC

Process overview

Lead Syndicate

- Where the Master List Lead Syndicate then wishes to correct the Part VII triage outcome for one or multiple transactions, the lead MA will prepare a Part VII bureau instruction using the agreed template. The template will enable Managing Agents to provide a bulked instruction directly to DXC to process cancel and replace transactions for each COR included in the template
- Every COR must relate to a 'Mixed' or 'Unknown' OSND on the Master List, or be Newly Identified (not on the Master List). Every COR must be viewed as having an incorrect trust fund code which requires the existing transaction with the incorrect trust fund code to be cancelled and a replacement transaction with a correct trust fund code created
- All fields in the template must be populated to ensure transactions can go through the process
- Claims disputes should be submitted through the Part VII bureau instruction to Part7claims.disputes@dx.com

Bureau Processing

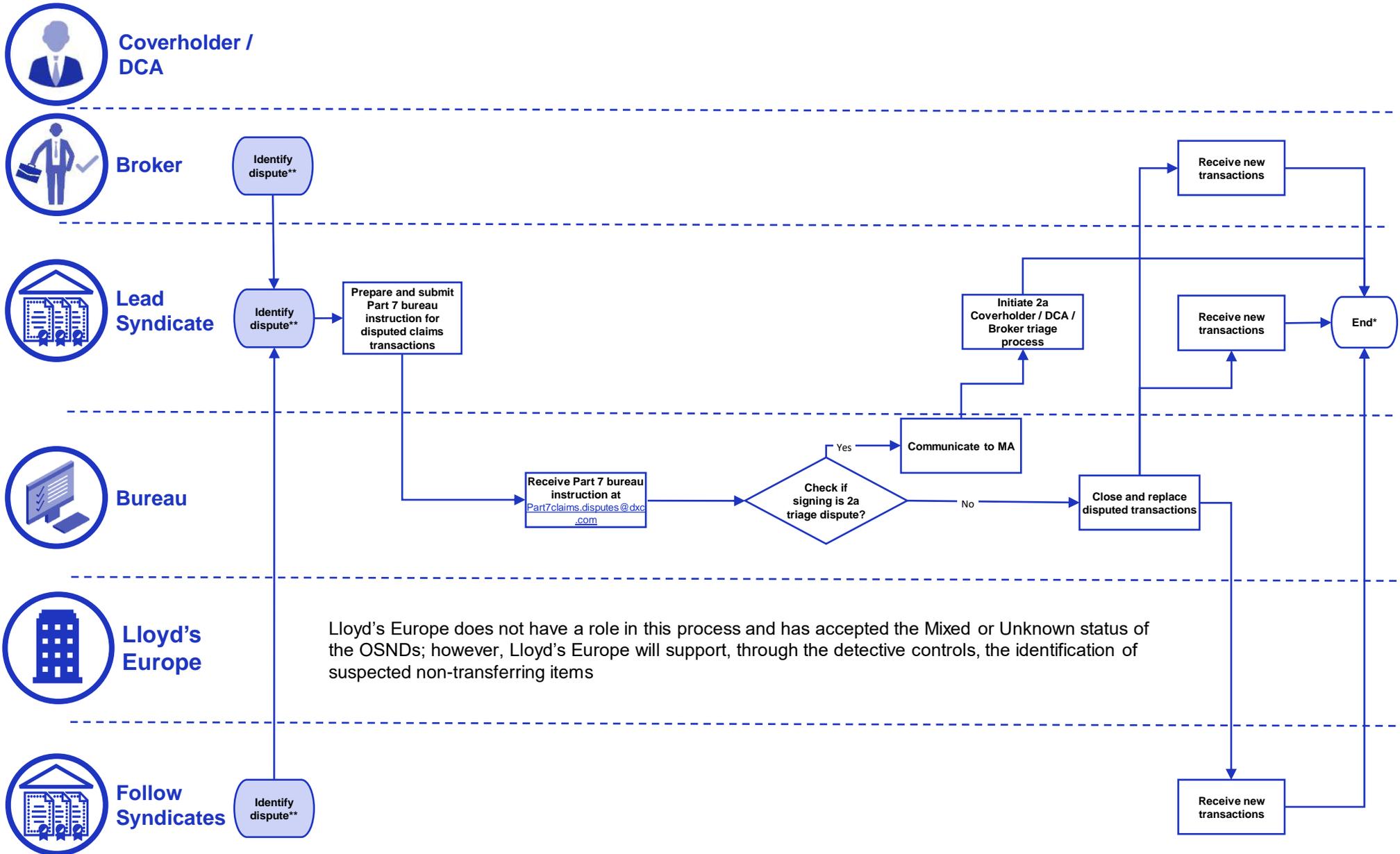
- For CORs, DXC will close down the existing impacted COR, and create a new COR under the existing UCR and the same OSND; any claim payments since SED will be refunded from the old COR and paid to the new COR - claims corrections will not follow the standard 48 hour SLA due to the potential impact on other processing activity
- If DXC believes the COR is in fact a 2a Broker/Coverholder/DCA triage error, this will be communicated to the MA; no processing charges will be made in respect of 2c bureau processing errors

Data submissions

- Upon receipt of the cancel and replacement COR, lead and follow syndicates will need to perform the necessary corrections via MDC - more details in the following pages

Lloyd's Europe

- Lloyd's will not be involved in the BAU triage outcomes disputes process as Lloyd's has already accepted the 'Mixed,' 'Unknown' or 'Newly Identified' status of each OSND



Bureau Part VII Dispute and Corrections

Triage outcomes disputes process – MDC Data Submission (1/2)



MA / Syndicate Lloyd's Europe

Claims COR – 'Non-Transferring' to 'Transferring'

Following the dispute process, a claim has become in scope of Part VII after the status on the OSND changed from **Non-Transferring to Transferring**.

1. Current situation within the Part VII Systems

No claim transaction has been submitted via MDC to Lloyd's Europe

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Latest Position									

2. Expected situation after the dispute and correction process

Provide the Part VII transactions received from DXC via MDC after the change of the COR status from Non-Transferring to Transferring:

- For a new in scope claim, all these transactions can be submitted via the **Monthly Load Claims** file, this means that it is not required to provide these new in scope CORs via an Initial load first.

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Monthly Load	S	A051234 5	AQ	XXX5	56789 – 03/10/2020	EUR	-150	-250	-50
Latest Position		A051234 5	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-250	-50

Bureau Part VII Dispute and Corrections

Triage outcomes disputes process – MDC Data Submission (2/2)



MA / Syndicate | Lloyd's Europe

Claims COR – 'Transferring' to 'Non-Transferring'

Where a COR is deemed **Not Transferring** following the dispute process, the Contra and Replacement principles need to be applied in order to clear down the values associated with this Claim record.

1. Current situation within the Part VII Systems

An Initial load position and / or monthly claims transactions has been provided via MDC to Lloyd's Brussels for this triaged out claim

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Initial Load as at SED	S	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	<N/A>	-200	-1,200
Monthly Load (Post-SED)	S	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-300	-1,100
Latest Position		A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-300	-1,100

2. Expected situation after the dispute and correction process

Provide the following transaction via MDC after the change of the COR status from Transferring to Non-Transferring:

- Provide the replacement transactions received from DXC as a standard transaction within the Monthly load. This will result in a correction of the previous submitted transactions.

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Monthly Load	C	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	100	0	0
Latest Position		A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	0	0	0

Bureau Part VII Dispute and Corrections

3) Open COR list BAU process - Claims opened prior to 21.12.2020



Lloyd's Europe MA/ Syndicate



Broker



CH / DCA



Bureau

What does the Open COR list BAU process dispute process apply to?

- The open COR list dispute process applies to cases where the Lead Managing Agent wishes to change the transferring / non transferring status of a COR which was opened before 21.12.2020 and was therefore included / excluded in the DXC bulk tagging process
- Given the one-time fix activity conducted in Q2 and Q3 2021 by the Programme and the market, this process is designed to be used in exceptional circumstances only. This reflects i) the fact that the resource and effort expended across the market on the one-time fix activity will not be available in BAU, and ii) the manual, resource intense nature of the process,

Scope

- Claims transactions open at the SED associated with a 'Mixed', 'Unknown' or 'Transferring' Master List transferring status that were erroneously included / excluded from the open COR list and DXC bulk tagging process

How should I raise a dispute?

The Lead Managing Agent is responsible for the resolution of any disputes for this process. The Bureau instruction should be populated with the relevant CORs in the CORs tab as applicable and be provided to Lloyd's Europe

Process overview

Lead Syndicate

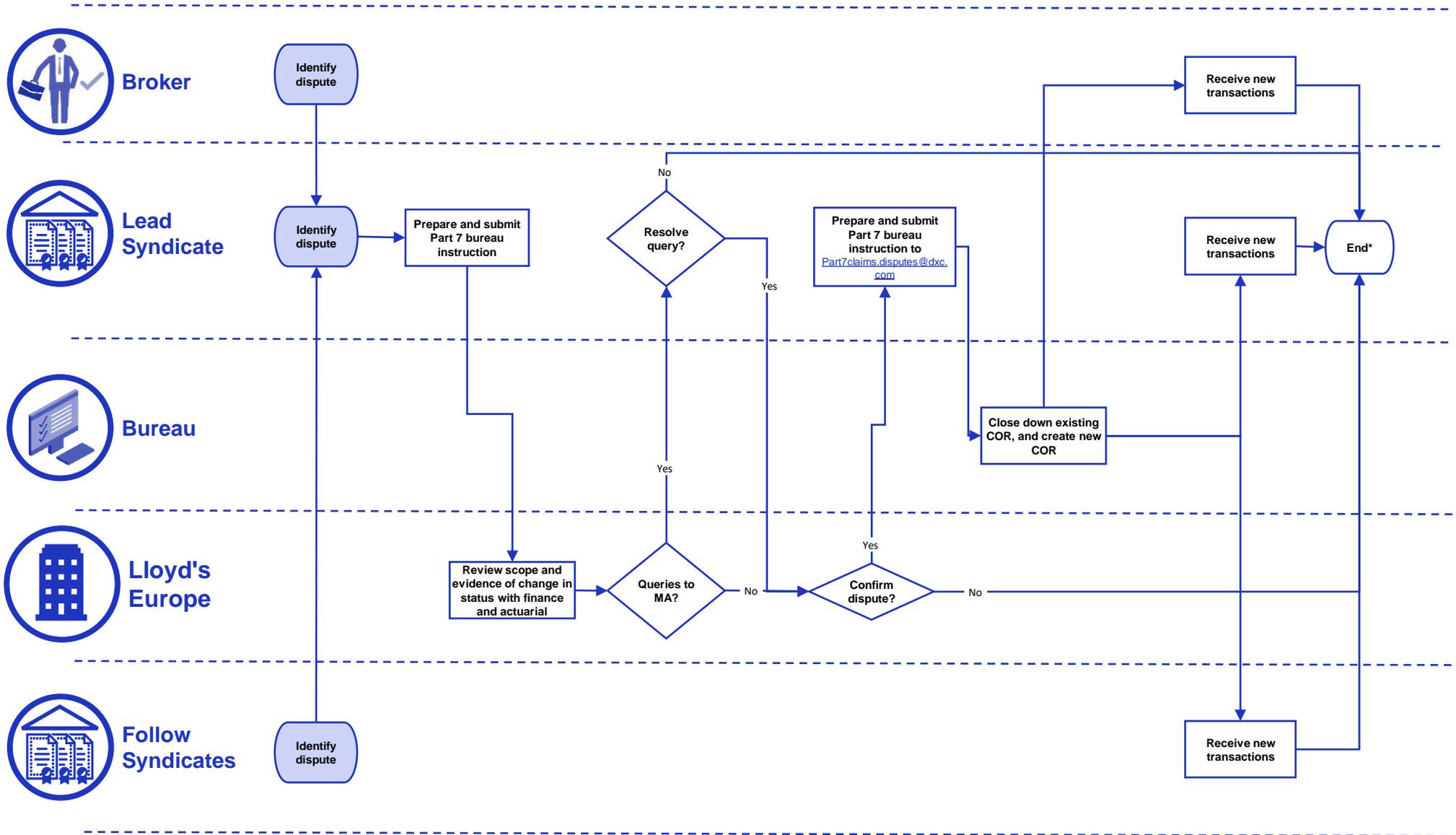
- Where the Master List Lead Syndicate wishes to change the transferring / non-transferring status of a COR which was open at 20.12.2020, the lead MA will prepare a Part VII bureau instruction using the agreed template. The template will enable Managing Agents to provide a bulked instruction directly to DXC to close down the existing impacted COR, and create a new COR for each COR included in the template
- Every COR must relate to a 'Mixed,' 'Unknown' or 'Transferring' OSND on the Master List. Disputed claims associated with a definitive 'Not Transferring' status that are not on the open COR list will need to follow the Master List transferring status disputes process. Similarly the Master List disputes process must be followed for CORs moving to 'Not Transferring' with a Master List status of 'Transferring.' Every COR must have moved since the SED, and therefore attracted an incorrect trust fund code
- All fields in the template must be populated to ensure transactions can go through the process
- The template should be sent to lloydseurope.info@lloyds.com for review of scope (ie. that the COR was open at the SED) and accuracy of the dispute (ie. that the relevant data attributes have been provided to evidence a change in status, including the risk location, insured domicile and FIL codes)
- This may result in queries from Finance or Actuarial regarding the nature, size and scope of the dispute
- Lloyd's Europe will either confirm or reject the dispute; if confirmed, the bureau instruction should be sent by the lead Managing Agent to DXC at Part7claims.disputes@dxc.com

Bureau Processing

- DXC will close down the existing impacted COR, and create a new COR under the existing UCR and the same OSND; any claim payments since SED will be refunded from the old COR and paid to the new COR – exact timescales will vary in each window and will be driven by market volumes but will follow BAU corrections procedures and timelines

Data submissions

- Upon receipt of the new COR, lead and follow syndicates will need to perform the necessary corrections via MDC



Bureau Part VII Dispute and Corrections

Open COR list disputes process – MDC Data Submission (1/2)



MA / Syndicate Lloyd's Europe

Claims COR – ‘Non-Transferring’ to ‘Transferring’

Following the dispute process, a claim has become in scope of Part VII after the status on the OSND changed from **Non-Transferring to Transferring**.

1. Current situation within the Part VII Systems

No claim transaction has been submitted via MDC to Lloyd's Europe

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Latest Position									

2. Expected situation after the dispute and correction process

Provide the Part VII transactions received from DXC via MDC after the change of the COR status from Non-Transferring to Transferring:

- For a new in scope claim, all these transactions can be submitted via the **Monthly Load Claims** file, this means that it is not required to provide these new in scope CORs via an Initial load first.

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Monthly Load	S	A051234 5	AQ	XXX5	56789 – 03/10/2020	EUR	-150	-250	-50
Latest Position		A051234 5	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-250	-50

Bureau Part VII Dispute and Corrections

Open COR list disputes process – MDC Data Submission (2/2)



MA / Syndicate Lloyd's Europe

Claims COR – 'Transferring' to 'Non-Transferring'

Where a COR is deemed **Not Transferring** following the dispute process, the Contra and Replacement principles need to be applied in order to clear down the values associated with this Claim record.

1. Current situation within the Part VII Systems

An Initial load position and / or monthly claims transactions has been provided via MDC to Lloyd's Brussels for this triaged out claim

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Initial Load as at SED	S	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	<N/A>	-200	-1,200
Monthly Load (Post-SED)	S	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-300	-1,100
Latest Position		A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	-100	-300	-1,100

2. Expected situation after the dispute and correction process

Provide the following transaction via MDC after the change of the COR status from Transferring to Non-Transferring:

- Provide the replacement transactions received from DXC as a standard transaction within the Monthly load. This will result in a correction of the previous submitted transactions.

Period	Correction Indicator	COR	Lloyd's Risk code - Claims	FIL code 1 - Claims	Original Signing Number & Date	Settlement currency - Claims	Total Claims Paid This Transaction - Indemnity	Total Claims paid to date - Indemnity	Total Claims Outstanding amount – Indemnity
Monthly Load	C	A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	100	0	0
Latest Position		A0512345	AQ	XXX5	56789 – 03/10/2020	EUR	0	0	0

Bureau Part VII Dispute and Corrections

Master List Lead BAU disputes process - Summary



Lloyd's Europe MA/ Syndicate



Bureau

Assumptions

- The current Master List lead ONLY will raise Master List lead / follow disputes on live transactions where that transaction has a potentially incorrect transferring status either due to 1) a Master List error or 2) a triage error or 3) open COR list error, OR on requests for documents from Lloyd's Europe / auditors where the MA believes they are not the lead and cannot provide the documentation
- Master List follow syndicates (even if they believe they are the lead) do NOT have to do anything regarding potentially incorrectly triaged transactions. It is only the current Master List lead that has the responsibility to track and correct potentially incorrectly processed transactions
- Followers can raise potentially incorrectly processed transactions with the Master List lead if they wish; however, it will be the Master list lead's decision on whether that transaction has been incorrectly processed and therefore whether a dispute process needs to be initiated

Process Overview

- The lead Managing Agent on the Master List is responsible for identifying and raising disputes (either Master List transferring status, triage disputes or open COR list BAU process, or document requests that cannot be fulfilled). If the Master List lead Managing Agent identifies a dispute and agrees with the lead status on the Master List, they continue with the relevant disputes process
- If the lead Managing Agent on the Master List does not agree with the lead status on the Master List, they will email Lloyd's Europe to request the relevant contact details for the disputes point of contact at the new nominated lead syndicate
 - They will identify the new nominated lead by checking one or all of the following sources; PAS data, the slip, messages, endorsements etc.
- If the new nominated lead agrees that they are the lead, then the Master List lead will send that information to Lloyd's Europe requesting that the Master List lead be updated
 - Lloyd's Europe will confirm receipt to the old and new Master List lead
- Lloyd's Europe, the old Master List lead and the new Master List lead will update their records
- The new Master List lead is now solely responsible for deciding if the transaction is indeed incorrectly flagged and will requires a dispute, or for providing any relevant documentation to Lloyd's Europe or auditors; any disputes raised following the BAU lead change process should include the confirmation email from Lloyd's Europe as evidence of the change in lead status in any communication with DXC
- If the new nominated lead does not agree that they are the lead, they should provide their view of the lead. If the revised lead does not accept the lead status or there is alternative new lead information, the current Master List lead will either initiate the dispute process, or the process will end



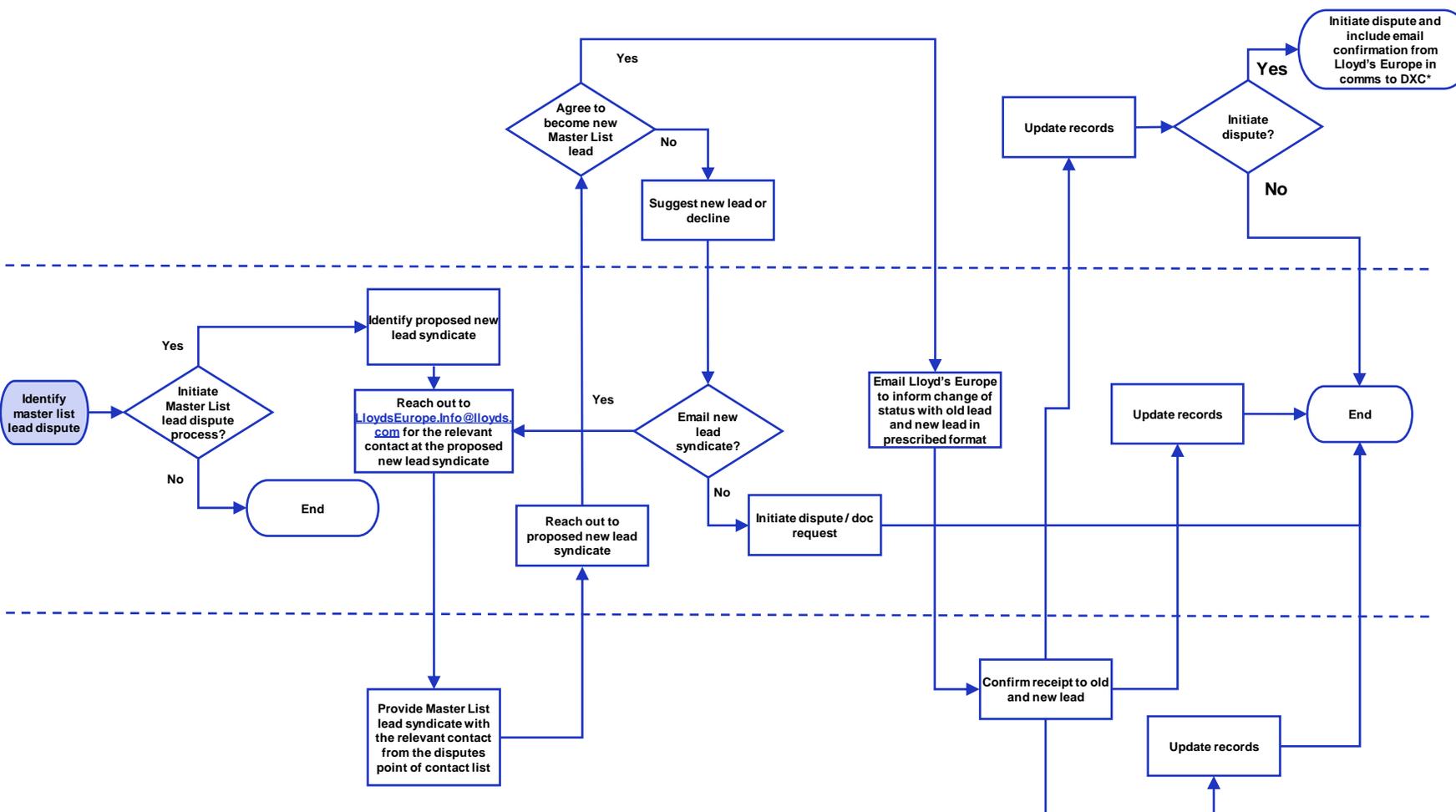
Proposed lead Syndicate



Master List Lead Syndicate



Lloyd's Europe



Bureau Part VII Dispute and Corrections

Master List Lead BAU process - Template



Lloyd's Europe MA/ Syndicate

Please provide the following information in an email to loydseurope.info@lloyds.com once a master list lead change has been agreed

Dear Lloyd's Europe,

Please see below change to the Master List Lead to be processed by Lloyd's Europe.

Part VII Master List Lead change	
OSND	OSND
Part VII Master List Lead syndicate (old)	<i>Syndicate number</i>
Part VII Master List Lead syndicate (new)	<i>Syndicate number</i>
Has this been approved by Lloyd's slip Lead / Bureau Lead / Lloyd's first stamp?	<i>y/n</i>

Section 4: Finance

Finance Actions (1/3)

What does each organisation need to do?



MAs / Syndicates



Bureau



Lloyd's Europe

	MA's / Syndicates	Bureau	Lloyd's Europe Finance
Payment of claims / receipt of premiums	<ul style="list-style-type: none"> During the month MAs are responsible for paying all Part VII claims out of the Part VII settlement accounts and receiving all of the premiums due MAs will remain responsible for their credit control processes and LIC will perform oversight of this and ask MAs to confirm correctness of outstanding premiums on a periodic basis 	<ul style="list-style-type: none"> Bureau ensures transaction messages indicate Part VII where applicable 	N/A
Settlement Account top-up	<ul style="list-style-type: none"> MAs are responsible for ensuring their Syndicate bank accounts have sufficient funds to process the top-up (monies are remitted from Syndicate bank account into LB Settlement Account) 	N/A	<ul style="list-style-type: none"> Lloyd's Europe will calculate the required Settlement Account top-up for each Syndicate based on movements in the bank statements The Lloyd's Europe Finance team will instruct STFO to top-up the settlement accounts (monies are remitted from Syndicate bank account into LB Settlement Account)
Administer Cash Call Process	<ul style="list-style-type: none"> MAs are required to monitor the Part VII Settlement Account balances and trigger the cash-call process (as outlined in the Cash Call Process) if required 		<ul style="list-style-type: none"> Account for the increased Part VII account balance and include this increased balance within the monthly top-up process if the temporary increase spans a month end

Finance Actions (2/3)

What does each organisation need to do?



	MA's / Syndicates	Bureau	Lloyd's Europe Finance
Reconciliation of the Part VII Settlement Account	<ul style="list-style-type: none"> • MAs / Syndicates are required to reconcile the Part VII Settlement Account movements and provide details in the Part VII extract file submitted monthly to Lloyd's Europe • The extract file should contain all bank movements for the previous month (e.g. January movements are provided to Lloyd's Europe by February working day 10*) • The monthly extract file should include all transactions that have settled within the reporting period including Non-Cash Bureau, Non-Bureau and direct settlements – Note only transactions that have passed through the Part VII Settlement Account should be reported in the extract file • Details of any unreconciled bank movements will need to be provided 	<ul style="list-style-type: none"> • The Bureau will flag all Part VII transactions for the month and report these to the MAs / Syndicates for inclusion in the monthly Part VII Extract 	N/A
Submission of the Part VII extract file to Lloyd's Europe	<ul style="list-style-type: none"> • MAs / Syndicates are responsible for ensuring the Part VII extract file is of sufficient quality to pass all of the Lloyd's Europe data quality checks • MAs / Syndicates should report non-cash amounts (claims payable, premiums receivable) in both original currency and settlement currency. For cash items, the amount should be quoted in the currency paid or received. Where this differs from the currency in which the related payable or receivable was being held, Lloyd's Europe will need to know the rate at which the MA / Syndicate converted from one currency to the other 	N/A	<ul style="list-style-type: none"> • Lloyd's Europe will perform a monthly reconciliation between the money that moved through the bank account in the previous period and the extract file submitted to Lloyd's Europe • Lloyd's Europe will match the premiums received and the claims paid in the month to the Balance Sheet receivable / payable positions

Finance Actions (3/3)

What does each organisation need to do?



MAs / Syndicates



Bureau



Lloyd's Europe

	MA's / Syndicates	Bureau	Lloyd's Europe Finance
Tax	<ul style="list-style-type: none"> • MAs / Syndicates will need to provide claims fees information in the prescribed format as part of the Monthly Part VII Extract • MAs / Syndicates will need to upload claims fee invoices to Secure Store for all Part VII business 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Lloyd's Europe Finance will calculate claims VAT liability based on the information provided by the MAs / Syndicates • Lloyd's Europe Finance will submit Belgian VAT returns and process necessary payments

Overview of Finance Requirements



Hyperlink



MA / Syndicate



CH / DCA



Lloyd's Europe



Bureau

The Finance related components of the Part VII Solution concern Money Movement and Reporting on Claims VAT fees, as outlined below

1. Money Movement

- As the insurer, Lloyd's Europe will be responsible for all cash movements on the transferred policies. This will be handled through Part VII Settlement Accounts administered by Managing Agents on behalf of Lloyd's Europe
- Part VII Settlement Accounts will hold cash balances equal to 3 months' claims cover (see [the Top-ups and Cash Matching](#)). These cash balances will be topped up on a monthly basis by Lloyd's Europe from Syndicate bank accounts
- The following pages describe the key impacts for market participants relating to the management and control of these money movements

2. Reporting on Claims VAT fees

A further impact relates to the changes in the way MAs / Syndicates report VAT on claims fees along with the storage arrangements for the supporting invoices. Details of the changes are provided in [Claims VAT section](#)

Part VII Settlement Bank Accounts Summary



MA/ Syndicate



Lloyd's Europe

Under the first version of this document LB advised that it would be mandating the use of the Currency Conversion Service (CCS).

Feedback from the Bureau and certain market participants have indicated challenges implementing the mandatory use of the CCS specifically where transactions are processed outside the CCS before transfer.

LB will (in most instances) mirror the syndicate's existing bank account setup

Key points:

- It should be noted that the current set of syndicate bank accounts may reflect global business and not that included within the Part VII transfer. Therefore, if there is a currency that has limited use within the Part VII programme LB will expect any new Part VII transactions after the scheme effective date that do occur in the "limited use" currency to be mapped to a currency bank account that has been set up (EUR or GBP) and converted by Citibank. This is to save unnecessary admin activities and enhanced funding requirements
- This means that MAs are encouraged to monitor and control the setting up of future transactions in little-used currencies prior to the date of transfer to enable this to be efficiently implemented
- Lloyd's Europe will open the bank accounts prior to the transfer. These accounts will be referred to as Part VII Settlement Accounts
- Managing Agents will be able to establish access rights/ authority levels for specific named resources. Part VII Settlement Accounts will be loaded onto existing Citibank banking portals and access rights can be provisioned accordingly

Part VII Settlement Bank Accounts Summary

Non Bureau Cashflows



MA / Syndicate



Lloyd's Europe

MA / Syndicates will be authorised to pay Non Bureau claims directly out of the Part VII Settlement Accounts on behalf of Lloyd's Europe. Each MA / Syndicate will be given authorisation to make payments using their direct banking portal

Key points:

- MAs / Syndicates will be given access to their respective Part VII Settlement Accounts via their existing banking platforms and will have the required authorisation to make payments on Lloyd's Europe behalf
- For Non Bureau cash transactions, MAs / Syndicates will follow their existing processes for Non Bureau business, with the exception that Part VII transactions will flow through their respective Part VII Settlement Account
- Premiums relating to Non Bureau cash transactions can also be received directly into Part VII Settlement Accounts

Part VII Settlement Account Update



MA / Syndicate



Lloyd's Europe

Update

- We are working with MAs that are setting up new Citidirect BE banking platforms or looking to view and instruct cash settlement via their existing (non Citi) banking platform
- We have completed the calculation of the early float positions. These have been calculated using the following approach: *the sum of the three highest monthly claim cashflows over a 12 month period, capped at two times the three month average for the 12 months. A minimum float of £2,000 (equivalent) has been applied in instances where the calculation yields results below this value*
- The analysis undertaken to calculate the floats identified significant volatility in the historical claim payment patterns. The approach adopted aims to minimise the number of ongoing cash calls while also recognising the need for efficient cash management
- Citibank are currently in the process of setting up the accounts and plan to have them set up by the end of October

Next Steps

1

Set up Bank accounts – Lloyd's will continue to work with Citibank to set up the bank accounts and have them in place by the **end of October**

2

Issue onboarding guidance – Lloyd's will issue guidance on how the bank accounts should appear on the banking portal in line with setting up the accounts

3

Calculate and communicate the final value for the initial float – Lloyd's will refresh the float calculation based on the data available in October and communicate the final value for the initial float in **mid November**

4

Transfer the funds to the Part VII settlement accounts – Lloyd's will transfer the funds from each of the syndicate bank accounts to the Part VII settlement accounts on the SED (30th December)

All MAs will be required to communicate to brokers the bank account details so that any direct settlement activity will be paid directly into the Part VII settlement accounts

Non-cash* Signings under the Part VII solution



MA/ Syndicate



Broker



Bureau



Lloyd's Europe



Non-cash signings processed under the Part VII solution will follow a similar approach to cash signings, the primary difference being that each MA / syndicate will be responsible for settlement in line with the transaction

Non-cash signings high level end-to-end overview

1. The original signing for non-cash transactions should be included on the Master List, with a transferring status
2. Brokers (or internal brokers) will submit LPANs to the Bureau in the same way as they do currently – no changes are required
3. The Bureau will process the LPAN in the same way as it would other Part VII LPANs – where there is a Transferring or Non-Transferring status on the Master List, these will be processed on a straight-through basis, where the status is Mixed or Unknown on the Master List, these will be subject to triage by a Bureau technician using the bureau triage rules
4. On the usual notification requirement that a Claim is Non-Cash, the Bureau will process as they do today
5. Part VII non-cash signing transaction USM and SCMs will include the usual Part VII indicator in the US / Canadian trust fund code
6. USMs / SCMs will be sent to Syndicates in the same way as cash-signings. ESAs are generated as per the BAU process (stating that the transaction is settled directly)
7. These transactions will also be included on the Part VII end of day report for the syndicate
8. The syndicate is then responsible for settlement – the Part VII money movement **must** use the same Syndicate Part VII Settlement Account that is used for STFO settlement, or direct settlement by the syndicate – the same process should be applied to settle the net transaction. The syndicate should use the SNAD as the transaction reference and the transaction amount must be the same amount as the net settlement amount shown on the USM. The parties to the settlement transaction must be the same per the USM
9. The transaction should be included within the monthly data submission to Lloyd's Europe, and the transaction should be included within the reconciliation process which validates that the net movement in the month in the Part VII settlement account reconciles to the data being provided
10. Lloyd's Europe will process non-cash transactions in the same way as all other transactions including the process to validate the monthly Part VII Settlement Account movement

If Service Company business is currently signed on a quarterly basis to the Syndicate (with premium and claim money movement between the Service Company and the Syndicate also on a quarterly basis), MAs are permitted to process Part VII transferred business on a quarterly basis. Note - in line with the bank reconciliation process all settlement activity must be reported in the extract file supplied to LB in the period following the associated money movement

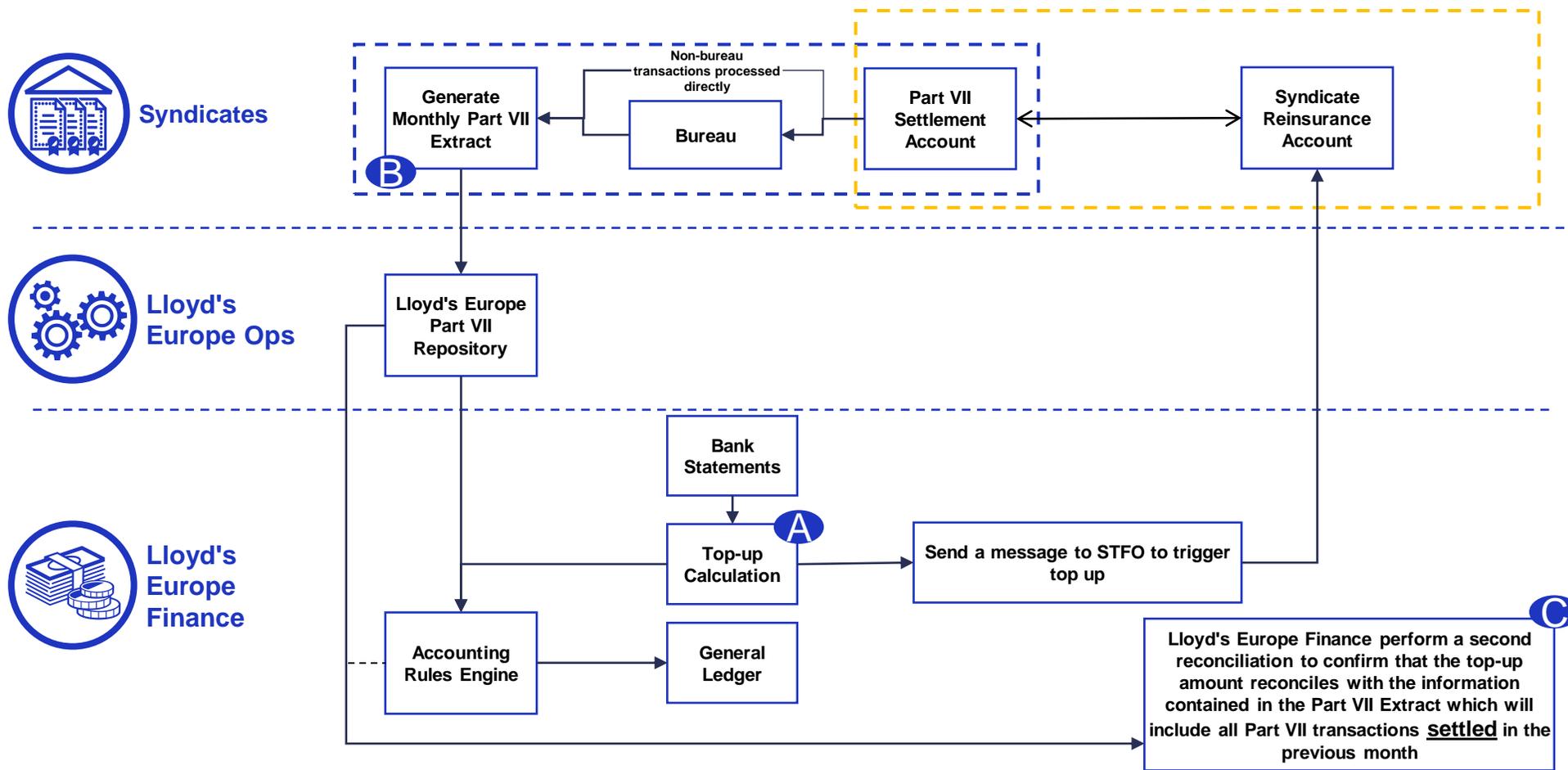
* The term "non-cash signings" (a.k.a. "paid by cheque") is used in instances where the accounting entry is generated by the Bureau however the cash does not move via STFO. This is different from non-cash movements/amounts that are mentioned in other sections of the MDD.

Part VII Money Movement



MA / Syndicate Lloyd's Europe

In order to ensure appropriate controls MAs / Syndicates are mandated to reconcile the Part VII Settlement account with the underlying transactions reported in their monthly Part VII Extract and with Bureau / non-Bureau data



Part VII Money Movement

Summary of requirements



MA / Syndicate



Lloyd's Europe



Bureau

- A** During the month money will move in and out of the Part VII Settlement Accounts. At the end of the month Lloyd's Europe will calculate the required top-up for each Syndicate and instruct STFO to move money between the Syndicate's bank account and the Part VII Settlement Account

- B** MAs / Syndicates are responsible for reconciling Part VII Extract data prior to submission to Lloyd's Europe
 - Data for Part VII extract submission will be reconciled with the Bureau transactional level data and MA's own data for non-bureau processed business

- C** A reconciliation will be performed between the top-up provided for each Part VII Settlement Account, the current Part VII extract data and the outstanding items on the Lloyd's Europe Balance Sheet (Payables/Receivables). Any non reconciling items will be investigated with each MA / Syndicate via a query process

Bank Reconciliation

Summary



Hyperlink



MA / Syndicate



Lloyd's Europe

MA's and syndicates will receive settlement messages from STFO with a specific Part VII bank account type to identify Part VII transactions. MA's are expected to reconcile the Part VII bank account in line with the transactions on the monthly ESA

- MA's are required to reconcile each of the Part VII settlement accounts on a monthly basis and provide the breakdown of the reconciliation as reported cash items in the Part VII data submission that is submitted to Lloyd's Europe. (Refer to the data model data dictionary for detailed guidance on which fields to report cash movements under)
- To support the reconciliation MA's will receive the following messages:
 - Daily ESAs from STFO which will contain a bank account type P7
 - An update to the monthly ESA reports which will contain a bank account type P7
- For any movements that have gone through the bank account that cannot be reconciled MA's are required to populate the "value of unreconciled items" field in the Part VII data submission that goes to Lloyd's Europe
- Please note that the data model does not have a field for any top-ups (monthly or cash call) to the Part VII settlement accounts. These bank movements should be excluded from the breakdown of the bank reconciliation that is reported in the monthly data submission to Lloyd's Europe

Timing and cut off

- MA's are required to report to Lloyd's Europe all movements that have gone through the Part VII bank account in the previous month in line with the movements on the monthly ESA report (as well as any non-Bureau processed transactions). This means that the bank reconciliation should include all movements that have gone through the bank account from working day 1 to (and including) the final working day of the month
- As an example the bank movements from first working day in January until (and including) the last working day of the month in January should be reported to Lloyd's Europe in the extract file by working day 10* in February

Top-ups and Cash Matching

Summary



Hyperlink



MA / Syndicate



Lloyd's Europe

There will be a lag between the movement of the cash through the Lloyd's Europe Part VII Settlement Accounts for the payment of claims and receipt of premium and the time it takes for the MAs to reconcile the extract file to their bank accounts, submit to Lloyd's Europe and pass all of the required data quality checks

- **The lag period is expected to be for 10 working days after month end.** This means that all cash movements in and out of the Part VII Settlement Accounts will be reconciled and provided to the Lloyd's Europe Finance team (2 weeks after the month end to which they relate). For example, all transactions settled during the month of January will be provided to Lloyd's Europe Finance by February working day 10*
- **To ensure prompt topping up of the settlement accounts,** the Lloyd's Europe Finance team will calculate the required top-up amounts based on electronic bank statements downloaded from the bank portal shortly after the month end. This approach has been adopted to remove the dependency on submission of the extract file to Lloyd's Europe for settlement account top-up
- **The Settlement Account will need to hold sufficient liquidity** to ensure there is enough cash in place to cover claims that will need paying during the month. The balance on the account will be established by calculating the sum of the three highest monthly claim cashflows over a 12 month period, capped at two times the three month average for the 12 twelve months. A minimum float of £2,000 (equivalent) has been applied in instances where the calculation yields results below this value (this is subject to detailed data review for each MA). This will help to provide enough of a buffer to reduce the need for out of cycle intra-month top-up
- **Lloyd's Europe Finance team will match the cash movements through the Part VII Settlement Accounts** (once they have received the Part VII extract file) to the outstanding payables and receivables in the cash matching process. All cash movements for the current month end will be booked to a suspense account until they are matched
 1. A suspense account provides a holding account for the cash movements that have gone through the Part VII Settlement Accounts during the month but for which Lloyd's Europe has no details (due to the lag time in the submission of the Part VII extract file)
 2. In cases where there are unmatched cash items in the suspense account, Lloyd's Europe would query these with the respective MA / Syndicate

Top-ups and Cash Matching

Process



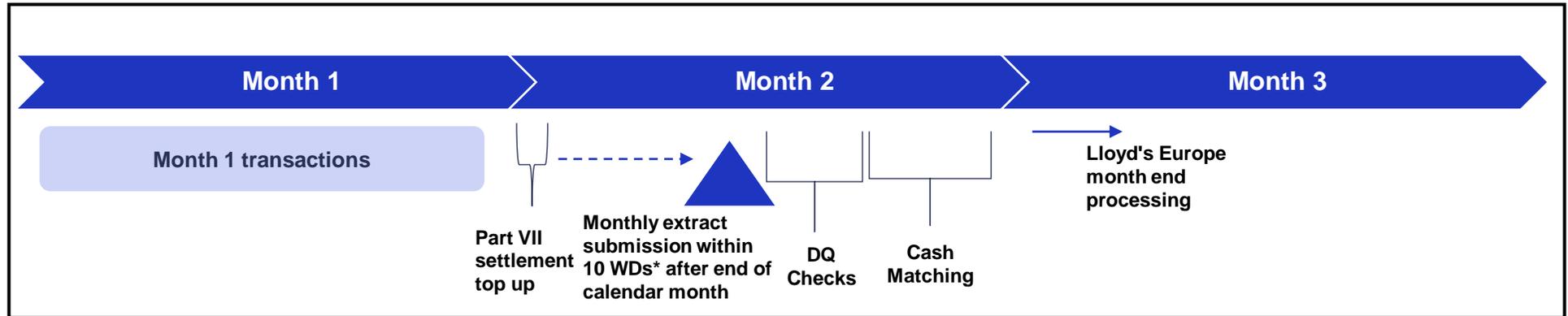
Hyperlink



MA / Syndicate



Lloyd's Europe



- MAs should report non-cash amounts (claims payable, premiums receivable) in both original currency and settlement currency
- For cash items, the amount should be quoted in the currency paid or received. Where this differs from the currency in which the related payable or receivable was being held, Lloyd's Europe will need to know the rate at which the MA converted from one currency to the other
- This information should be captured in the monthly Part VII data submissions – specific structured fields will be provided for this purpose

Set of rules to select appropriate syndicate bank accounts for top-up



MA / Syndicate



Lloyd's Europe

Lloyd's Europe will top up the Part VII settlement accounts based on the movement in the bank account in the previous period, driven by the end of month bank position. Lloyd's Europe will use the following 4 rules to top-up the settlement accounts using a set of default YoAs.

1. For all syndicates with the syndicate year set out to 9999, default the YoA to 2018
2. For all syndicates that are RITC into a syndicate with a year set out to 9999, default the YoA to 2018
3. For all syndicates transferring business that do not have a syndicate end year set to 9999, default the YoA to the last available YoA
4. For all syndicates that have a different bank account holder per YoA (but have not been RITC), a single set of Part VII settlement accounts will be created, and the top-up will be taken from the 2018 YoA

Each submission will need to be by syndicate bank account group and not per unique syndicate

Cash Call Process

Part VII Model



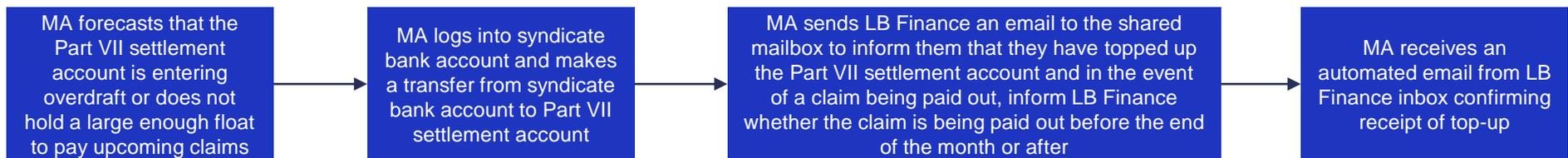
MA / Syndicate



Lloyd's Europe

- Cash call process will enable the top up of the Part VII settlement accounts part way through the month, in the event the MA identifies the need for a Part VII settlement account to hold a larger cash balance than it does currently based on MA forecasting the need to pay a large claim or account entering overdraft.
- MAs are responsible for managing this process and will incur the cost of the overdraft fees, if the bank account goes overdrawn

Part VII Model



1. MA should instruct the cash call process having identified the need for the Part VII Settlement Account to hold a larger cash balance than it does currently based on MA forecasting the need to pay a large claim or account entering overdraft.
 - Lead MAs will be aware of this, having approved the claim in ECF.
 - Follow MAs will receive a USM notification of the need to make a payment out of the settlement account. Follow MAs should instruct this process within the 3 days window before cash is moved out of the part VII settlement account
2. MA Logs into syndicate bank account and makes the transfer from the syndicate bank account to the Part VII settlement account
3. Send an email to the LB Finance shared mailbox (LBFinance.Queries@lloyds.com) to confirm topping-up of the Part VII settlement account is complete and in the event of a claim being paid out, inform LB Finance whether the claim is being paid out before the end of the month or after. The purpose of informing them when the claim is being paid out is so that LB Finance can factor the cash call into the top-up calculation if required. The email should contain details in the query box on the right.
4. MAs will receive an automated email from the LB Finance inbox confirming receipt of top-up

To raise a cash call query, MAs are required to provide the following details in the email sent to LB Finance

- Managing Agent
- Syndicate
- Currency
- Top Up Amount
- Account Number
- Sort Code
- Top up Settlement Date
- Expected Claim payment date (if claim is being paid)

Direct Settlement Transactions – Corrections

Actions required to correct incorrect direct settlement activity



MA / Syndicate



Broker



CH / DCA

This section covers four scenarios where a correction to a direct settlement transaction might be required including:

1. Correction to a non-P7 direct settlement transaction that is incorrectly paid into the P7 Settlement Account
2. Correction to a non-P7 direct settlement transaction that is incorrectly paid out of the P7 Settlement Account
3. Correction to a P7 direct settlement transaction that is paid into the syndicate PTF Account
4. Correction to a P7 direct settlement transaction that is paid out of the syndicate PTF Account

Scenario	Activity	
	Cash	Data
1. Correction to a non-P7 direct settlement transaction that is incorrectly paid into the P7 Settlement Account	<ul style="list-style-type: none"> • Cash must be processed out of the P7 Settlement Account equal to the value of the incorrect transaction 	<ul style="list-style-type: none"> • The original incorrect transaction should be reported in the monthly extract as an “S” record • The reversal of the incorrect transaction should be reported in the monthly extract as an “C” record
2. Correction to a non-P7 direct settlement transaction that is incorrectly paid out of the P7 Settlement Account	<ul style="list-style-type: none"> • Cash must be processed into the P7 Settlement Account equal to the value of the of the incorrect transaction 	<ul style="list-style-type: none"> • The original incorrect transaction should be reported in the monthly extract as an “S” record • The reversal of the incorrect transaction should be reported in the monthly extract as an “C” record
3. Correction to a P7 direct settlement transaction that is paid into the syndicate PTF Account	<ul style="list-style-type: none"> • Cash must be processed into the P7 Settlement Account equal to the value of the cash paid into the Syndicate PTF 	<ul style="list-style-type: none"> • The corrected cash movement should be reconciled in the bank reconciliation process and reported to Lloyd’s Europe in the monthly submission file as an “S” record
4. Correction to a P7 direct settlement transaction that is paid out of the syndicate PTF Account	<ul style="list-style-type: none"> • Cash must be processed out of the P7 Settlement Account equal to the value of the cash paid into the Syndicate PTF 	<ul style="list-style-type: none"> • The corrected cash movement should be reconciled in the bank reconciliation process and reported to Lloyd’s Europe in the monthly submission file as an “S” record

Claims VAT requirements



MA / Syndicate



Lloyd's Europe

As policies will be transferred to an EU insurer, VAT will be due on claims fees. This will be calculated and processed by Lloyd's Europe, but claimed back from the syndicate. This process, and the associated reporting requirements are similar to those for Lloyd's Europe existing business. However, there are some key differences to note:

1. The types of business for Part VII will include all three placement channels (Bureau, non-Bureau and LDR) whereas existing business is only Bureau. This necessitates a different data sourcing model for Part VII
2. Currently claims fees invoices are uploaded to IMR for Open Market business and to Secure Store for Binder business. All will be uploaded to Secure Store for Part VII.

Overview of requirements

1. VAT paid on claims fees will be reported through the monthly Part VII submissions to Lloyd's Europe for all methods of placement and via all three processing routes (XIS, Non-XIS, LDR)
2. All Claim Fee Invoices (regardless of the VAT status) in the name of **Lloyd's Insurance Company SA** (see hereafter the complete details) need to be provided by Lead MAs / Syndicates for claims fees where VAT is due (either locally or in Belgium), or where a VAT exemption applies, or where no VAT is applicable.

Lloyd's Insurance Company SA

Place du Champ de Mars, 5

Bastion Tower – 14th floor

B-1050 Bruxelles

VAT : BE 0682.594.839

Note however that these invoices are still to be remitted to - and paid by - the Claims handler

Claims VAT requirements (cont'd)



MA / Syndicate



Lloyd's Europe

Overview of requirements

3. Lloyd's Europe will require all claims fees invoices for Open Market and Lineslip business to be uploaded to Secure Store. For Coverholder business only, just those invoices over EUR 50,000 will need to be uploaded to Secure Store. All uploads will use the unique reference as per the monthly Part VII submission. These requirements have been agreed with the Belgian Tax Authorities, and as such these are part of Lloyd's Europe VAT arrangement with them

4. MAs / Syndicates will need to ensure that the invoicing is set up correctly, provide claims fees information in the prescribed format and ensure that the supporting invoices / documentation is provided in order to:

- a. avoid paying 21% VAT on items that should be VAT exempt or for which VAT has already been paid abroad
- b. allow for VAT to be recovered (where applicable)

This will be particularly important as Part VII business will have higher volumes (and amounts) of claims compared to Lloyd's Europe existing business

Part VII VAT Data Fields



MA / Syndicate



Lloyd's Europe

The table below shows the VAT data fields that are included in the Part VII Data Extract. This section provides VAT guidance including a detailed decision tree (overleaf) on claims related costs incurred in relation to Lloyd's Europe Business. This includes a brief overview of VAT Liability arising from services received during the claims handling process and practical guidance on how Managing Agents should capture fee and any related VAT payments in order that Lloyd's Europe can meet its tax liability arising from these services.

Field Reference	Field Pseudonym	Field Name	Description
PVII_153	CPTT-F-S	Claim Paid this Transaction - Fees inc. VAT (Settlement ccy)	Amount of "claim fees paid" for which the <u>invoice shows a VAT amount</u> – the amount reported is inclusive of VAT and invoice(s) are addressed to Lloyd's Europe, expressed in settlement currency
PVII_154	CPTT-FNLB-S	Claim Paid this Transaction - Fees (including VAT if any) for Invoices not addressed to Lloyd's Europe (Settlement ccy)	Amount of "claim fees paid" for which the <u>invoices are NOT addressed to Lloyd's Europe</u> , expressed in settlement currency. In case the invoices are with VAT, the amount reported is inclusive of VAT.
PVII_155	CPTT-VAT-S	Claim Paid this Transaction - VAT paid on fees (Settlement ccy)	VAT amount paid – this is the VAT amount in relation to transaction "claim fees paid" where the <i>amount is inclusive of VAT</i> (see PVII_153 or PVII_154), expressed in settlement currency
PVII_156	CPTT-F-NOVAT-S	Claim Paid this Transaction - Fees no VAT paid (Settlement ccy)	Amount of "claim fees paid" - this transaction refers to an invoice for which no VAT has been applied, and for which the invoiced services do not benefit from any VAT exemption in Belgium, expressed in settlement currency (= invoice for 'reverse charge' services)
PVII_157	CPTT-F-VATEX-S	Claim Paid this Transaction - Fees VAT exempt (Settlement ccy)	Amount of "claim fees paid" - this transaction refers to an invoice for which no VAT has been applied, and for which the invoiced services <u>benefit from a VAT exemption in Belgium</u> , expressed in settlement currency

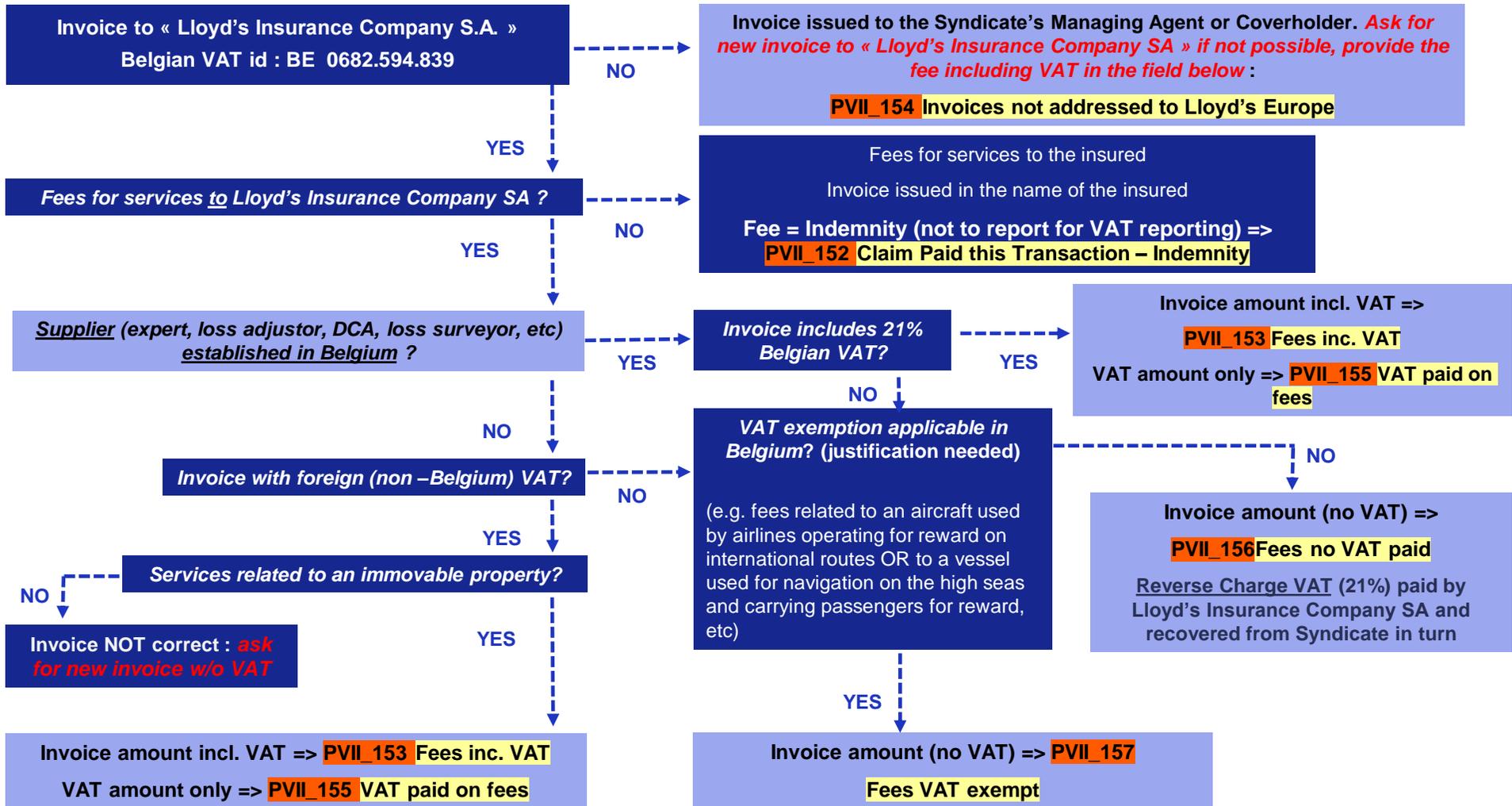
Part VII VAT Decision Tree and Data Fields



MA / Syndicate



Lloyd's Europe



Part VII VAT Scenarios and Related Guidance

Invoices Addressed to Lloyd's Insurance Company SA (LIC)



MA / Syndicate



Lloyd's Europe

We have provided examples in the table below including Claims fees scenarios and how these should be reported to Lloyd's Europe via the Part VII Extract. It is expected that in vast majority of cases VAT will be payable on services provided during the claim, which if due by reverse charge will be claimed back from the syndicate. The examples below relate to invoices addressed to **Lloyd's Insurance Company S.A.**

	Scenario	Recipient of the invoice	VAT treatment	Part VII Reporting code	Further comments
1	Loss surveyor fees related to a building located in the UK for a French policyholder	Lloyd's Insurance Company SA (hereafter "LIC")	Invoice with UK VAT	PVII_153	amount of the total invoice, including the VAT amount
				PVII_155	only the UK VAT amount mentioned on the invoice
2	Loss surveyor fees related to a building located in France for a French policyholder	LIC	Invoice with French VAT	PVII_153	amount of the total invoice, including the VAT amount
				PVII_155	only the French VAT amount mentioned on the invoice
3	Expert fees related to the personal car of a Polish policyholder, the car being in Sweden	LIC	Invoice without VAT Reverse charge applies: Belgian VAT due by LIC	PVII_156	total amount of the invoice (should not include any VAT amount)
	Expert fees related to the personal car of a Polish policyholder, the car being in Poland	LIC	Invoice without VAT Reverse charge applies: Belgian VAT due by LIC	PVII_156	total amount of the invoice (should not include any VAT amount)
4	Loss adjustor fees related to an aircraft used by a European Airline on international routes	LIC	Invoice without VAT VAT exempt, no VAT due in Belgium	PVII_157	total amount of the invoice (should not include any VAT amount)
5	Loss adjustor fees related to a vessel used for navigation on the high seas	LIC	Invoice without VAT VAT exempt, no VAT due in Belgium	PVII_157	total amount of the invoice (should not include any VAT amount)
6	DCA fees from a DCA established in the UK	LIC	Invoice without VAT Reverse charge applies: Belgian VAT due by LIC	PVII_156	total amount of the invoice (should not include any VAT amount)

Part VII VAT Scenarios and Related Guidance (cont'd)

Invoices Addressed to Lloyd's Insurance Company SA (LIC)



MA / Syndicate



Lloyd's Europe

	Scenario	Recipient of the invoice	VAT treatment	Part VII Accounting Treatment & Reporting code	Further comments
7	DCA fees from a DCA established in Belgium	LIC	Invoice with Belgian VAT	PVII_153	amount of the total invoice, including the VAT amount
				PVII_155	only the Belgian VAT amount mentioned on the invoice
8	Defence fees paid to a Belgian policyholder	The lawyer invoices the insured	VAT is in due on the service, but not by LIC	nothing to report for VAT purposes	N/A
9	Indemnity paid to a German policyholder	N/A	outside the scope, no VAT is due by LIC	nothing to report for VAT purposes	N/A

Part VII VAT Scenarios and Related Guidance

Invoices Addressed to Managing Agent (or Syndicate) or to Coverholders



MA / Syndicate

Lloyd's Europe

The examples below relate to (*incorrect*) invoices **not** addressed to **Lloyd's Insurance Company S.A** and are instead addressed to the relevant MA/Syndicate or to the Coverholders. As already mentioned, this should be avoided (this may trigger additional VAT cost), and to the extent possible, a new (correct) invoice in the name of LIC should be requested. **Where this is not possible, then the incorrect invoice will have to be reported as follows :**

	Scenario	Recipient of the invoice	VAT treatment	Part VII Reporting code	Further comments
1	Loss surveyor fees related to a building located in the UK for a French policyholder	Managing Agent (MA) (or Syndicate) - This is not correct - Ask for a new invoice in LIC's name	MA Invoice with UK VAT but no reverse charge applies in Belgium :	PVII_154	amount of the total invoice, including the VAT amount
				PVII_155	only the UK VAT amount mentioned on the invoice
2	Expert fees related to the personal car of a Polish policyholder, the car being in the UK - hence expert fees are invoiced by an expert established in the UK	Managing Agent - This is not correct - Ask for a new invoice in LIC's name without VAT	MA Invoice with UK VAT BUT Reverse Charge applies in Belgium : VAT is also due by LIC based on MA invoice Conclusion: Additional VAT cost (VAT is paid twice)	PVII_154	amount of the total invoice, including the VAT amount
				PVII_155	only the UK VAT amount mentioned on the invoice
3	Expert fees related to the personal car of a Polish policyholder, the car being in Sweden – hence expert fees are invoiced by an expert established in Sweden	Polish Coverholder - This is not correct - Ask for a new invoice in LIC's name	C/H Invoice without VAT Invoice without VAT Reverse charge applies: Belgian VAT due by LIC (Based on the C/H invoice, VAT also due by the C/H in Poland – VAT is potentially paid twice)	PVII_154	total amount of the invoice (no VAT amount in this case)
				PVII_155	nil
4	Expert fees related to the personal car of a Polish policyholder, the car being in Poland – hence expert fees are invoiced by an expert established in Poland	Polish Coverholder - This is not correct - Ask for a new invoice in LIC's name without VAT	C/H Invoice with PL VAT BUT Reverse charge applies in Belgium: VAT is also due by LIC based on MA invoice Conclusion: Additional VAT cost (VAT is paid twice)	PVII_154	total amount of the invoice (should not include any VAT amount)
				PVII_155	only the PL VAT amount mentioned on the invoice

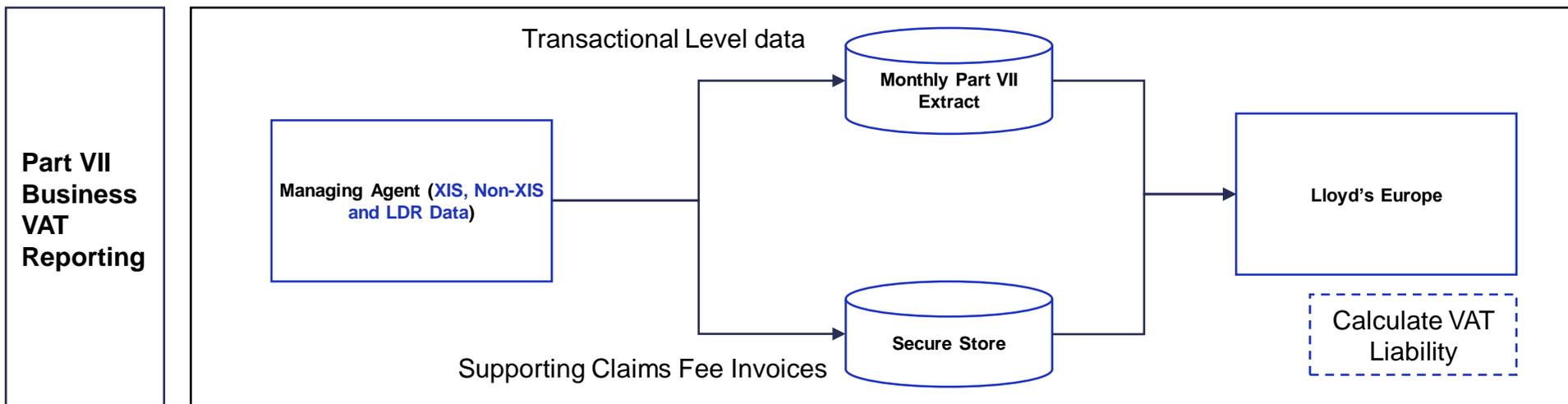
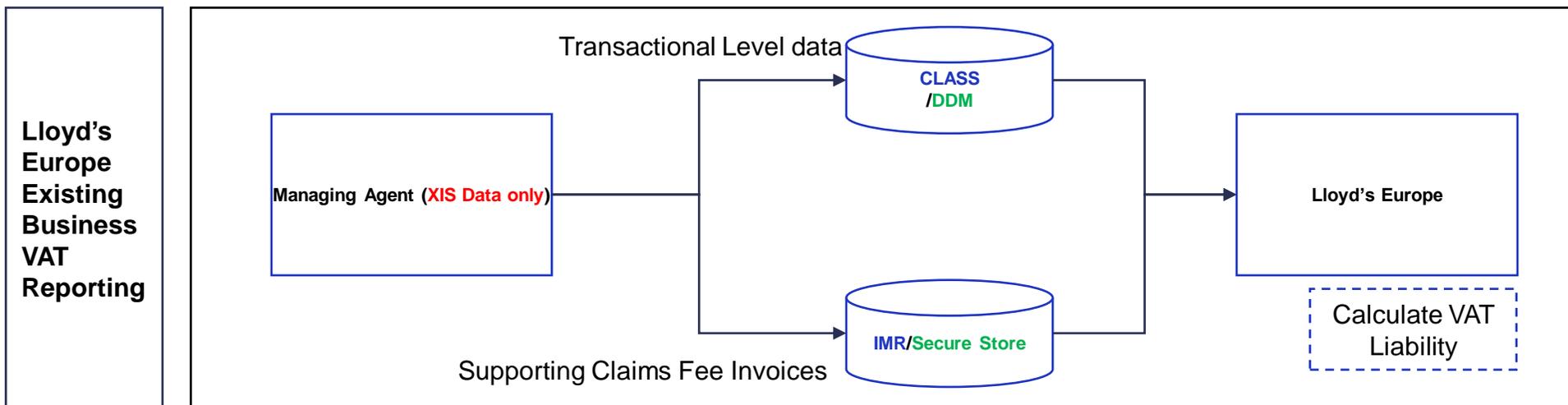
Claims VAT – Part VII vs Existing Business



MA / Syndicate



Lloyd's Europe



Summary VAT Guidance



Hyperlink



MA / Syndicate



Lloyd's Europe

1. Part VII VAT Data is to be submitted by both Lead and follow Syndicates respectively through the Master Submission. In line with the requirements set out in [Bank Reconciliation section](#), all MAs are required to report to Lloyd's Europe all movements that have gone through the Part VII bank account in the previous month including any Claims fee and associated VAT paid in the month.
2. As mentioned in the [Claims Guidelines Dos and Don'ts section](#), for claims processed via DXC the required fee and VAT information can be captured by using the relevant fee and VAT fields in CLASS which are available to MAs via CRS. In line with the current requirements for Lloyds Brussel's existing business, Lead MAs are required to input Claim fee and related VAT information into CLASS (via ECF or otherwise) for Part VII claims after Scheme Effective Date. This will enable follow Syndicates to access the related VAT information and submit their Part VII Data submissions accordingly. As VAT amounts are only available in GBP in CRS along with the related Original/Settlement Currency, for the purpose of Part VII reporting the MAs would need to convert the GBP amounts to Original/Settlement Currency using the month-end rate (European Central Bank rates) for the month the VAT transactions relates to.
3. For Binder Business, the required fee and VAT information can be obtained from the bordereaux which contains the Lloyd's Europe fee and VAT fields specified in the latest version of Lloyd's Coverholder Reporting Standards
4. MAs / Syndicates (Leads and Follow) will need to ensure that they provide claims fees information in the prescribed format in order to avoid paying 21% VAT on items that should be VAT exempt or for which VAT has already been paid abroad.
5. In addition, all Lead MAs / Syndicates will need to ensure that the supporting invoices / documentation for all Part VII Claims fees (all open market invoices, and for binder business invoices only for fees greater than EUR 50,000 excluding VAT) are uploaded on Secure Store using the following naming convention :
 - a. DXC Business: MA initials_Claims Office Reference(COR)_YYYYMM [Reporting Year & Month]
 - b. Non-DXC & LDR : MA initials_Carrier Claim Reference (CCR)_YYYYMM [Reporting Year & Month]

Trust Fund Reporting and Funding



MA / Syndicate



Lloyd's Europe

No additional trust funds will be required as a result of the Part VII transfer. The quarterly adjustment process will not change

The steps below outline the process for how Syndicates will process trust fund transactions for Part VII policies following the Scheme Effective Date



The trust fund Part VII transaction will be identified via the Part VII identifier within the Trust Fund Code field within the STFO settlement instructions (e.g. V7, K7). This will initiate the movement of funds through the Part VII settlement account in the same way as all other Part VII transactions



The money for trust fund Part VII transactions will move from / to the Part VII Settlement Accounts in the first instance



Under the reinsurance agreement the cash will then move from / to the Syndicate PTF account at the end of the month through the top up process



Adjustments to the trust fund accounts will happen by moving funds from the PTF to the trust funds as part of the quarterly funding process – no changes from the current BAU process will be made

The process will result in partial double funding of the trust fund risks due to the float in the settlement account and trust fund requirements

Process for RITCs effective after SED

Ahead of RITC completion & update to link tables (1/2)



MA / Syndicate



Lloyd's Europe

The guidance provided in this document is relevant to Syndicates undertaking an RITC at any point after the Part VII SED (30 December 2020) where that Syndicate/YoA includes business which transferred under the Part VII scheme. Specific activities outlined in this pack will apply to ceding and reinsuring syndicates respectively.

Note - this is in reference to RITCs between Syndicates and not applicable where a Syndicate is performing a RITC into itself.

Sequence	Activity	Who completes activity?	Notes
1	Follow the required steps as per BAU Lloyd's RITC process – below activities should take place in parallel	Ceding / Reinsuring syndicate	
2	Inform LIC of an upcoming RITC by emailing LIC Ops (LloydsEurope.OperationsPVII@Lloyds.com) and LIC Finance teams (LBFinance.Queries@lloyds.com)	Ceding / Reinsuring syndicate	Inform LIC of the planned RITC at the same time as engaging with Markets Entry / Open Years Team
3	Provide LIC Ops and LIC Finance teams details of the planned RITC and agree action plan / sequencing of actions required (incl. expected transfer date and first day of settlement)	Ceding / Reinsuring syndicate	This may take place in the form of a call with the cedant / reinsurer / LIC teams
4	Check if MA Outsourcing Agreement (OA) is in place. If no MA OA exists, e.g. when a new Managing Agent comes into scope of LIC, signing of a new OA is required.	LIC / reinsurer	Note: from 01/01/22 – validate option which the MA has opted for to comply with the IDD requirements
5	If reinsuring syndicate does not already hold Part VII settlement accounts, engage Citibank to open bank accounts and allocate to the correct banking portal	LIC	If the MA of the reinsuring syndicate doesn't have a CitiDirect BE banking portal this will also need to be created by Citibank and provided to the MA
6	LIC Ops / Finance liaise with Lloyd's / Data Lab / Group Technology to agree sequencing of Lloyd's wide (technical / MDC) changes required	LIC	
7	Agree that LIC may share cedant's data with the reinsurer	Cedant / LIC	LIC will share data expected to be backed out by the cedant and backed-in by the reinsurer
8	Request DXC to perform link table update	Ceding / Reinsuring syndicates	Allow at least 10 days prior to first settlement – not specific to Part VII (forms part of BAU process)
9	DXC update the link table	DXC	

Process for RITCs effective after SED

Ahead of RITC completion & update to link tables (2/2)



MA / Syndicate



Lloyd's Europe

Sequence	Activity	Who completes activity?	Notes
10	LIC will recalculate appropriate floats and inform MA of new float amounts	LIC	If insufficient time is available between LIC's notification and first settlement made by the reinsuring syndicate under the RITC (i.e. not enough time to recalculate floats), the cash call process can be used as a back-up
11	Redistribution of monies across the relevant PVII accounts	LIC	This takes place as part of the standard monthly top-up process
12	First settlement under RITC made by the reinsuring syndicate	STFO	This can happen at any time of the month but downstream processing for MAs and LIC will be easier if the first settlement falls on the first day of the calendar month
13	Provide updated contact details to LIC (incl. contact points for detective controls / document request etc.)	Cedant / reinsurer	Please use standard POC template
14	Updates (as required) to LIC reports, contacts and responsible SMEs	LIC	
15	Ensure devolved admin updates submitters / approvers / document submitters in MDC if required	Cedant / reinsurer	Prior to relevant submission windows

Process for RITCs effective after SED

Following the update to link tables / data submissions (1/3)



MA / Syndicate



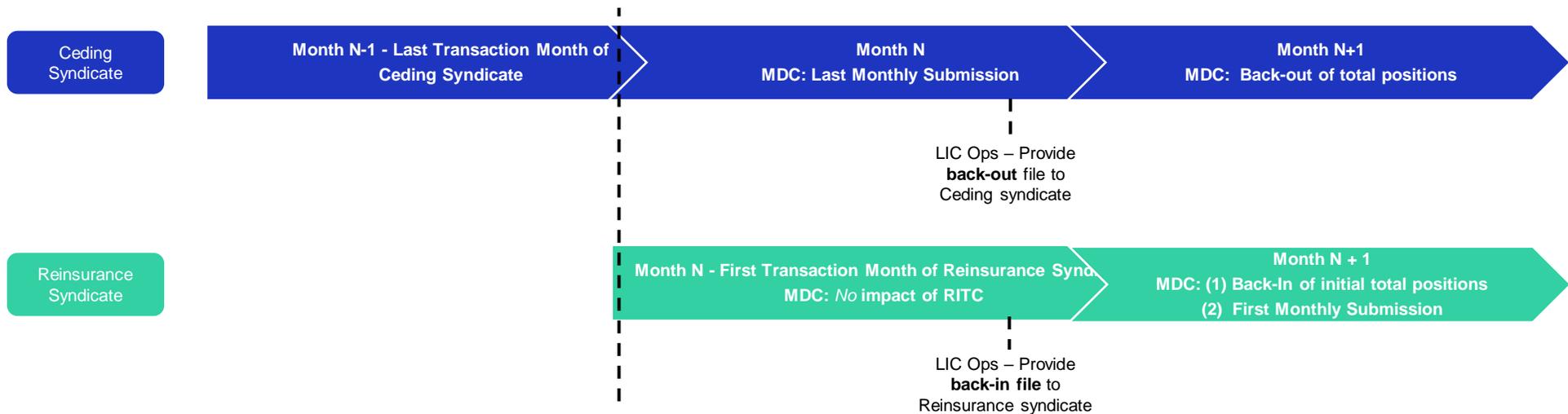
Lloyd's Europe

The impact of the RITC on Part VII is mainly related to the data submissions via MDC. Back-out and back-in submissions are required from the involved Syndicates.

- The **ceding syndicate** needs to back out all total positions provided to LIC within previous submissions, which are in scope of the RITC. The goal of the back-out file is to put all the 'Total Positions' back to zero. For this, a correction transaction must be submitted for all the premium and claims primary keys ever submitted into the BoR via MDC submissions. The back-out must happen via the Initial Load Catch-up file (to also back-out the SED position). It is not required to correct the monthly cash transactions as these were valid cash transactions processed through the Part VII Ceding bank account before the RITC.
- The **reinsuring syndicate** needs to submit all data which was backed out by the cedant and which now forms part of the reinsuring syndicate's portfolio. This back-in submission is completed within the Initial Load Catch-up.

The provision of the back-in file to the reinsurance syndicate can only happen when the Cedant Syndicate has provided the last monthly submission. The last submission by the Ceding Syndicate will happen the month after the RITC transfer date (MDC submissions are always one month after the market transactions). LIC Ops can execute this process after WD 17 (final load) within the first month after the RITC transfer date.

RITC Transfer Date / Fist settlement under Reinsurance number



Process for RITCs effective after SED

Following the update to link tables / data submissions (2/3)



MA / Syndicate



Lloyd's Europe

The below table gives a detailed overview of the steps that must be executed related to the MDC data submissions. Additional information related to step 16, 18, 19 and 20 can be found in the following slides.

Sequence	Activity	Who completes activity?	Submission month	Due	Notes
16	Ceding syndicate submits Monthly files following bank reconciliation for transactions up to but not including the first settlement under RITC (BAU data submission)	Ceding syndicate	Month after first settlement	By WD10	Transactions associated with the RITC will be submitted in the same file as other standard Part VII transactions
17	Provision of data to cedant to support "back-out" submission by the cedant.	LIC	Month after first settlement	<i>After WD 17</i>	LIC Operations will provide a PK-level download of all data received to date to the cedant to support the back-out. Note – cedant remains responsible for an accurate back-out submission
18	Provision of data from cedant to reinsurer to support "back-in" submission by the reinsurer (after approval – step 7)	LIC	Month after first settlement	<i>After WD 17</i>	LIC Operations will provide a PK-level download of all data provided by the cedant to date to the reinsurer to support the back-in submission. Note – reinsurer is responsible for an accurate back-in submission
19	Reinsuring syndicate submits Monthly files following bank reconciliation for transactions from the first settlement under RITC	Reinsuring syndicate	2 nd month after first settlement	By WD10	Transactions associated with the RITC will be submitted in the same file as other standard Part VII transactions
20	Ceding syndicate submits Initial Load catch-up files to back out all positions up to but not including the first settlement under RITC . Please add "back-out" within the MDC Submission name.	Ceding syndicate	2 nd month after first settlement	By WD10	See following slides –back-out data needs to contain ALL data submitted to date (Initial / monthly) at PK level. This needs to take place in the same submission period as the back-in submission by the reinsurer
21	Reinsuring syndicate submits Initial Load catch-up files reflective of all positions up to but not including the first settlement under the RITC. Please add "back-in" within the MDC Submission name.	Reinsuring syndicate	2 nd month after first settlement	By WD10	Note – back-in submission has to take place in the same submission period as the back-out done by the cedant From this point onwards, the Reinsuring syndicate will continue to provide Monthly submissions for the RITC'd book of business

Process for RITCs effective after SED

Following the update to link tables / data submissions (3/3)



MA / Syndicate



Lloyd's Europe

Sequence	Activity	Who completes activity?	Submission month	Due	Notes
22	Reinsuring syndicate confirms to Lloyd's Europe that they take over all unreconciled items from the cedant	Reinsuring syndicate	2 nd month after first settlement	By WD10	
23	Review of data provided by the cedant and reinsurer to ensure back-out and back-in were completed as expected	LIC	-		
24	Cedant and reinsuring syndicate actions any feedback on back-out / back-in Initial Load catch up submissions as requested by Lloyd's Europe Operations & Finance	Ceding syndicate & reinsuring syndicate	-	WD11 – 17 or subsequent window	
25	If ceding syndicate out of scope for Part VII following the RITC, remove syndicate from MDC required submissions	LIC	-		On completion of any required corrections following LIC feedback
26	Any data feedback, e.g. detective controls / financial reconciliation is directed at the reinsurer	LIC	-		
27	Confirmation that Part VII CoM activities are complete to old MA / new MA	LIC	After submissions complete		

Monthly Submission (Step 16)

Ceding Syndicate



MA / Syndicate



Lloyd's Europe

Sequence	Activity	Who completes activity?	Submission month	Due	Notes
16	Ceding syndicate submits Monthly files following bank reconciliation for transactions up to but not including the first settlement under RITC (BAU data submission)	Ceding syndicate	Month after first settlement	By WD10	Transactions associated with the RITC will be submitted in the same file as other standard Part VII transactions

This is the standard BAU process to submit transactions via MDC to LIC. This process must be executed for the last time by the Ceding syndicate in the month after the first settlement. This is to report the transactions from the last transaction month prior to the RITC to LIC.

Example: Date of first settlement under the RITC is 2021-04-15, the Ceding syndicate should provide the relevant transactions occurring prior to this date under the RITC

Submission period	Correction Indicator	Syndicate number	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Transaction Date	Settlement currency - Premium	Brokerage % of gross premium	Gross Premium received this transaction	Gross Premium received to date (Settlement ccy)
May 2021	S	1000	B078913B PL06429	AQ	FRK1	2021-04-02	EUR	15	50	200
May 2021	S	1000	B078913B PL06429	AQ	FRK1	2021-04-10	EUR	15	60	260
May 2021	S	1000	B078913B PL06429	AQ	FRK1	2021-04-14	EUR	15	60	320

Monthly Submission (Step 19)

Reinsuring Syndicate



MA / Syndicate



Lloyd's Europe

Sequence	Activity	Who completes activity?	Submission month	Due	Notes
19	Reinsuring syndicate submits Monthly files following bank reconciliation for transactions from the first settlement under RITC	Reinsuring syndicate	2 nd month after first settlement	By WD10	Transactions associated with the RITC will be submitted in the same file as other standard Part VII transactions

Example: Date of first settlement under the RITC is 2021-04-15, the Reinsuring syndicate should provide the relevant transactions occurring from this date onwards

Submission period	Correction Indicator	Syndicate number	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Transaction Date	Settlement currency - Premium	Brokerage % of gross premium	Gross Premium received this transaction	Gross Premium received to date (Settlement ccy)
May 2021	S	2000	B078913B PL06429	AQ	FRK1	2021-04-15	EUR	15	30	350
May 2021	S	2000	B078913B PL06429	AQ	FRK1	2021-04-20	EUR	15	40	390
May 2021	S	2000	B078913B PL06429	AQ	FRK1	2021-04-22	EUR	15	50	440

Initial Load Catch-up (Step 20)

Ceding Syndicate – RITC only – Back-Out Submission



MA / Syndicate



Lloyd's Europe

Sequence	Activity	Who completes activity?	Submission month	Due	Notes
20	Ceding syndicate submits Initial Load catch-up files to back out all positions up to but not including the first settlement under RITC	Ceding syndicate	2 nd month after first settlement	By WD10	See following slides –back-out data needs to contain ALL data submitted to date (Initial/ monthly) at PK level. This needs to take place in the same submission period as the back-in submission by the reinsurer

- Add 'Back out + Syndicate Number' to the Version Name field during the MDC Submission process

Submission Period: 2021 | November

Version Name: Back-Out 5XXX

Example: Date of first settlement under the RITC is 2021-04-15, the Ceding syndicate should provide the Initial Load catch-up with the relevant C & R lines for RITC'd business.

Submission Period	Correction Indicator	Syndicate number	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Method of Placement	Settlement currency - Premium	Brokerage % of gross premium	Gross Premium received up to transfer date (Settlement ccy)	Gross Premium at Transfer date (Settlement ccy)
June 2021	C	1000	B078913B PL06429	AQ	FRK1	BIN	EUR	15	0	0
June 2021	R	1000	B078913B PL06429	AQ	FRK1	BIN	EUR	15	0	0

Initial Load Catch-up (Step 21)

Reinsuring Syndicate – RITC only – Back-in Submission



MA / Syndicate



Lloyd's Europe

Sequence	Activity	Who completes activity?	Submission month	Due	Notes
21	Reinsuring syndicate submits Initial Load catch-up files reflective of all positions <u>up to</u> but not including the first settlement under the RITC	Reinsuring syndicate	2 nd month after first settlement	By WD10	Note – back-in submission has to take place in the same submission period as the back-out done by the cedant From this point onwards, the Reinsuring syndicate will continue to provide Monthly submissions for the RITC'd book of business

- Add 'Back In + Syndicate Number' to the Version Name field during the MDC Submission process

Submission Period

2021

November

Version Name : Back-InXXXX

Example: Date of first settlement under the RITC is 2021-04-15, the Ceding syndicate should provide the Initial Load catch-up showing the total positions up to the first settlement under the RITC

Submission Period	Correction Indicator	Syndicate number	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Method of Placement	Settlement currency - Premium	Brokerage % of gross premium	Gross Premium received up to transfer date (Settlement ccy)	Gross Premium at Transfer date* (Settlement ccy)
June 2021	S	2000	B078913B PL06429	AQ	FRK1	BIN	EUR	15	320	500

Process for syndicate change of management

Key considerations



MA / Syndicate



Lloyd's Europe

The guidance provided in this document is relevant to syndicate changes of management where the syndicate involved includes business which transferred under the Part VII scheme.

Sequence	Activity	Who completes activity?	Notes
1	Follow the required steps as per BAU Lloyd's CoM process – below activities should take place in parallel	Old / new MA	
2	Inform LIC of an upcoming RITC by emailing LIC Ops (LloydsEurope.OperationsPVII@Lloyds.com) and LIC Finance teams (LBFinance.Queries@lloyds.com)	Old / new MA	Inform LIC of the planned RITC at the same time as engaging with Markets Entry / Open Years Team
3	Provide LIC Ops and LIC Finance teams details of the planned CoM and agree action plan / sequencing of actions required	Old / new MA	This may take place in the form of a call with the cedant / reinsurer / LIC teams
4	Check if MA Outsourcing Agreement (OA) is in place. If no MA OA exists, e.g. when a new Managing Agent comes into scope of LIC, signing of a new OA is required.	LIC / new MA	Note: from 01/01/22 – validate option which the MA has opted for to comply with the IDD requirements
5	If the new MA doesn't already have a CitiDirect BE portal, engage Citibank to set one up for the MA	LIC	Following initial engagement from LIC, the setup process will be held between the new MA and Citibank.
6	LIC Ops / Finance liaise with Lloyd's / Data Lab / Group Technology to agree sequencing of Lloyd's wide (technical/MDC) changes required	LIC	
7	LIC to inform CitiBank of the required changes to the banking portals	LIC	Banking portal numbers and required change dates must be established
8	CitiBank to update the banking portal access	CitiBank	CitiBank will transfer access to Part VII Settlement accounts from one MA to the other with specific switch over dates
9	Inform LIC when Part VII Settlement accounts become visible on MA banking portal	Reinsuring Syndicate	

Process for syndicate change of management

Key considerations



MA / Syndicate



Lloyd's Europe

Sequence	Activity	Who completes activity?	Notes
10	Provide updated contact details to LIC (incl. contact points for detective controls / document request etc.)	Old / new MA	Please use standard POC template
11	Updates (as required) to LIC reports, contacts and responsible SMEs	LIC	
12	LIC informs Markets Entry team once steps are completed and approval can be granted	LIC	
13	Reassignment of syndicate from old MA to new MA within MDC (and related Lloyd's changes, e.g. MED)	LIC / Lloyd's	Prior to relevant submission window WD1
14	Ensure devolved admin updates submitters / approvers / document submitters in MDC if required	Old / new MA	Prior to relevant submission window, following reassignment of syndicate from old MA to new MA

Process for syndicate change of management

Data submissions



MA / Syndicate



Lloyd's Europe

Sequence	Activity	Who completes activity?	Submission month	Due	Notes
15	Old MA submits Monthly files following bank reconciliation for transactions up to last day of the month prior to change of management	Old MA	Month of CoM	By WD10	Ensure continuity of Part VII submissions (dependent on MDC syndicate re-assignment timeline)
16	New MA submits Monthly files following bank reconciliation for transactions of the month where change of management takes place	New MA	First month after CoM	By WD10	Ensure continuity of Part VII submissions (dependent on MDC syndicate re-assignment timeline)
17	Any data feedback, e.g. detective controls / financial reconciliation is directed at the new MA	LIC			
18	Confirmation that Part VII CoM activities are complete to old MA / new MA	LIC	After submissions complete		

Banking Portal Contingency Plan

Part VII Model



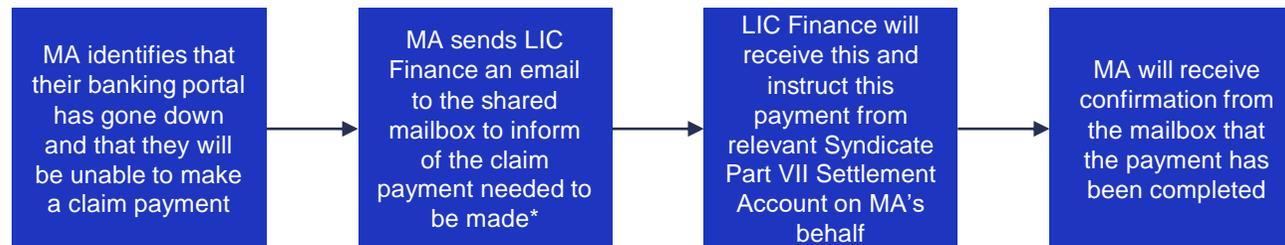
MAs / Syndicates



Lloyd's Europe

- There is a contingency plan in place to ensure that, in the event that an MA cannot access their Part VII bank settlement accounts via their banking portal, claims payments can still be made
- MAs will be responsible for notifying LIC Finance of the issue and required claim payment

Part VII Model



*In order to raise the claim payment query the email must be sent to 'LBFinance.Queries@lloyds.com'. MAs are required to email the mailbox using the following format:

- Subject must read as follows: '*Urgent Claim Payment Requirement – [MA Name]*'
- Body of the email must include the following in a **password protected attachment**.

- Amount in words
- Beneficiary Account Name
- Beneficiary Address
- Beneficiary Bank Name
- Beneficiary Bank Code (including IBAN and Swift code if applicable)
- MA Account Number
- Syndicate Number
- Claim Reference (UCR,COR, BPR)
- Currency

Write-offs of unreceived premiums

How to 'write off' premiums and provide this to LIC via MDC data submissions



MAs / Syndicates



Lloyd's Europe

Where unreceived premium is "written off" by Managing Agents, Lloyd's Europe needs to be notified of this via the monthly Part VII data submissions utilising the correction process

Managing Agents should follow these steps to report a write-off:

- Where Managing Agents write off unreceived premium, they need to provide a transaction within the monthly master file within the next monthly MDC data submission period
- Write-offs should be submitted as a "correction," with the premium amounts (all non-cash gross / net premium fields) being adjusted down to account for the amount of premium written off
- The corrections process and rules need to be followed to ensure this data is processed accurately in Lloyd's Europe downstream. Please refer to the detailed data model guidance in the appendix for more details

Cash Reconciliation

Context



MA / Syndicate



Lloyd's Europe



Bureau

Background

- In Q2 2021, the Lloyd's Europe Finance team ran a series of calls with selected Managing Agents (MAs) to identify root causes of reconciliation variances and where relevant, request corrections to resolve known variances
- These calls identified a number of specific root causes (see example slides). However, the most common cause, which contributes to a large proportion of the overall variance, is the use of the **transaction date** to reflect the date the cash actually settled in the bank account
- Many MAs are reporting the **SCM advised date / USM processing date rather than the transaction actual payment date**. This causes reconciliation variances under the current approach, as there are timing differences at month end between the month the cash settles and the month of the SCM advised date / USM processing date
- The Programme team along with Lloyd's Europe ran consultation meetings with 6 MAs to review an alternative approach to running the cash reconciliation process that will reduce reconciliation variances and simplify the process for MAs

Cash Reconciliation

Original Approach



MA / Syndicate Lloyd's Europe

Original Approach

- The original Lloyd's Europe cash reconciliation (review) process matched:
 - The net cash movement through a Part VII settlement account for an **individual month** to
 - The reported cash transactions in the MDC submissions with a **transaction date of that month**
 - Example - Net bank movement of 1,000 for Jan is matched against all reported cash transactions with a Jan transaction date
- The process identified reconciliation variances where the net movement through the bank account was not equal to the sum of the reported transactions with a transaction date in the month of reconciliation
- MAs were requested to report their view of the unreconciled balances for that **month only** and only for cash that had settled in the bank account but for which data was not yet available
- Lloyd's Europe queried all MAs that have a reconciliation variance via email, and requested a correction to be applied in the following monthly submissions
- The aim of the reconciliation was to bring the reconciliation variance for each month to 0

Challenge

- The key challenge with this reconciliation approach was, if there was a difference between the **month** of the SCM advised date / USM processing date and the date the cash actually settled in the bank account it created a reconciliation variance. The variance was simply due to timing differences

May Submission			
SCM Advised Date	Settlement Date	MDC Reported Transaction Date*	
30/03/2021	02/04/2021	30/03/2021	Caused a reconciliation variance
05/04/2021	08/04/2021	05/04/2021	
19/04/2021	22/04/2021	19/04/2021	

Cash Reconciliation

Revised Approach



MA / Syndicate Lloyd's Europe

Revised Approach

- To overcome the challenge with mismatches between transaction date and actual payment date, the reconciliation is now conducted on a rolling 12 month **“to-date”** basis – this approach was suggested by several MAs and validated in consultation sessions
- This reconciliation approach identifies variances that exist between the total to-date net movement through the bank account and total to-date reported transactions
- The approach requires MAs to keep a cumulative running net total of unreconciled items and be prepared (at request) to demonstrate the underlying breakdown of the unreconciled items
- Lloyd's Europe will compare the **reported** unreconciled items totals to the **variance that it calculates** by comparing the total net movement through the bank account against the total transactions that have been submitted by the market
- Lloyd's Europe will query the market where there are differences between the MA view of unreconciled items and the value that Lloyd's Europe has calculated using the movement through the Part VII settlement account
- Where variances exist that are greater than 12 months old an exceptions process will exist which will allow Lloyd's Europe / the MA to “write off” the unreconciled balance

Benefits

- This approach does not require the transaction date to match the date the cash settled in the bank account. If the MA has data with a transaction date in a future or previous period it will be included in the reconciliation
- The objective of the Lloyd's Europe cash reconciliation process is to maintain oversight of the MA cash reconciliation

1 example syndicate / currency	Jan	Feb	Mar	Total (TD)	Total Variance (TD)	Reported value of unreconciled items
Net movement in bank	50,000	200,000	100,000	350,000		
Net reported movement*	52,000 ¹	198,000 ²	105,000 ³	355,000		
Monthly Variance	2,000	(2,000)	5,000	9,000	5,000	4,000

1. 2,000 reported with a transaction date in Jan however settles in Feb
2. 2,000 variance in Feb due to the settlement in Feb with a transaction date in Jan
3. 5,000 variance due to issue other than transaction date

* Transaction date = to period

1,000 difference to query with MA

Cash Reconciliation

Key changes to original process and guidance



MA / Syndicate Lloyd's Europe

1. **Unreconciled items** – MAs were expected to report unreconciled items for the period that was being reconciled. The guidance on unreconciled items was updated to reflect the cumulative net position
2. **Lloyd's Europe cash reconciliation variance reporting** – The Lloyd's Europe cash reconciliation variance reports detailed variances on a month by month basis. The reconciliation reports have been updated to show the cumulative reconciliation variances to reflect the revised approach
3. **Lloyd's Europe Finance query process** – The Lloyd's Europe query process queried all reconciliation variances for all months. Lloyd's Europe now only query when there are differences between the MA view of cumulative net unreconciled items and the Lloyd's Europe view on unreconciled items
4. **Details of unreconciled items to be provided at request** – MAs now need to share details of their unreconciled items balance at any point in time at the request of LIC

Cash Reconciliation

Updated guidance on how to report the value of unreconciled items



MA / Syndicate Lloyd's Europe

The definition of the Value of Unreconciled items has been updated in the Data Model 5.2:

Description: Value of all unreconciled transactions based on the Syndicate's bank reconciliation of the Part VII Settlement Account. The reported net value of the unreconciled items should reflect the value of all data that needs to be added / subtracted from the data submissions, to match the cumulative data submissions for the previous 12 months with the cumulative bank account movements for the previous 12 months. The reported value should include the net cumulative value of both i) data reported in all MDC submissions to date that has not yet settled, and ii) settlements for which data has not yet been reported.

Further guidance: If applicable, this value needs to be expressed at Syndicate and Settlement currency level as a separate entry to Claim transactions in the Monthly Master Level Claim file. Populate the Transaction Date (PVII_030) field with the final date within the transaction month. The total cumulative net value of unreconciled items should be reported, as at the end of the current reporting month. There is a process for MAs to work with Lloyd's Europe to write-off unreconciled items which remain unreconciled 12 months after the transaction was reported / the money movement took place. If the MA is able to reconcile everything on a cumulative to date basis (i.e. value of unreconciled items becomes zero), there is no need to submit this value. Each MA is required to maintain and retain the detailed breakdown of the transactions that make up the unreconciled items balance reported.

Cash Reconciliation

Example 1 – Root Cause Findings



MA / Syndicate Lloyd's Europe

In addition to the transaction date issue, we have identified the following drivers of reconciliation variances. **Note** - the below is not an exhaustive list; additional drivers have been identified, but are considered unique to specific syndicates

#	Driver for reconciliation variance	Resolution
1	Cash calls not included in reconciliation	Inform Lloyd's Europe of all cash calls ahead of transferring cash into the Part VII settlement account. Follow cash call guidance outlined in the MDD (page 145 of MDD 7.1)
2	Incorrect signage applied to the funding of Coverholder Loss funds	Follow guidance outlined in the data model v5.1. <i>Movements should be reported with a positive value if the transaction represents a payment to the loss fund by the Syndicate and not relating to claim bordereaux reimbursements or individual above authority claim payments</i> <i>Negative value if funds are recovered (e.g. after all binder claims have been paid)</i>
3	Submission of all data regardless of whether reconciled with the bank account	The cash fields in the data model (fields outlined in Appendix One) should only be populated with data that relates to bank account movements and has been fully reconciled to the bank account
4	Reporting of technical movements rather than cash activity in the bank account	
5	Non-cash signings submitted that settled prior to SED	Only cash that has settled through the Part VII settlement account should be reported in the Part VII MDC submissions
6	Non-cash movements settled in the reporting period, but no non-cash signings received by the MA, and therefore no data available to report in MDC submission	Report the total cash movement(s) as unreconciled item(s) in the month, and then provide data once available in subsequent month, with transaction date that is equal to the date the cash settled in the bank account
7	Delays in the set up of Coverholders resulting in delay in non-cash signings	
8	FX issue in converting between original and settlement currency. Use of outstanding rate of exchange (ROE) rather than Exchange rate settlement (RXS)	Use the Exchange rate settlement (RXS) when converting from original to settlement currency in the SCM for cash transactions
9	Incorrectly reporting claim fee payments in both data model fields 152 and 153	Follow claims VAT data model guidance examples on pages 345 to 347 of MDD V7.1. Fields 152 & 153 are mutually exclusive and should not be double counted
10	Use of local MA segmentation logic, rather than the Bureau Part VII indicators to report transactions	All cash that settles in the P7 settlement account should be recorded in the MDC submission, regardless of whether it aligns to MA's segmentation logic. The disputes process should be utilised if there is misalignment

Cash Reconciliation

Example 2 – Unreconciled Items



MA / Syndicate Lloyd's Europe

The table below outlines examples of unreconciled items along with the action that would be required from Lloyd's Europe and the action that would be required from the MA in each scenario

Scenario		Total Premium to date (cash)	Total Claims Paid to Date (cash)	Increase / Decrease to Coverholder Loss Fund to date	Net Bank Movement to Date	Variance	Reported Unreconciled Items	Description
Coverholder movement reported incorrectly (incorrect signage)	Data Reported	100	-200	-50*				The item is not recognised as an unreconciled item by the MA as it has been reported incorrectly. (*Payment <u>to</u> a loss fund should be reflected as a +ve movement) Lloyd's Europe Action: In this instance Lloyd's Europe would query the difference between the calculated variance and the reported unreconciled items MA Action: The MA would be requested to correct the reported increase / decrease in Coverholder Loss Fund in the next submission
	Settled in Bank	100	-200	-50	-150	100	0	
Non-cash signings reported that have not settled	Data Reported	200	-300	0				The non-cash (claims) signing data is processed and reported ahead of the cash settling. MA Action: MA correctly reports the non-cash signing in the data submitted to LIC. MA also reports the data as an unreconciled item as the cash has not yet settled Lloyd's Europe Action: No action for Lloyd's Europe as value of unreconciled items is equal to the variance MA has reported. Lloyd's Europe may request breakdown of unreconciled items balance for further details
	Settled in Bank	200	-100	0	100	-200	-200	
Non-cash signings that have settled but where data has not processed	Data Reported	200	-100	0				The non-cash (claims) signing settles but the data has not been processed. MA Action: MA reports the cash that has settled in the bank account where no data is available as an unreconciled item. Lloyd's Europe Action: No action required as value of unreconciled items is equal to the variance calculated by LIC. Lloyd's Europe may request breakdown of unreconciled items balance for further details
	Settled in Bank	200	-300	0	-100	200	200	

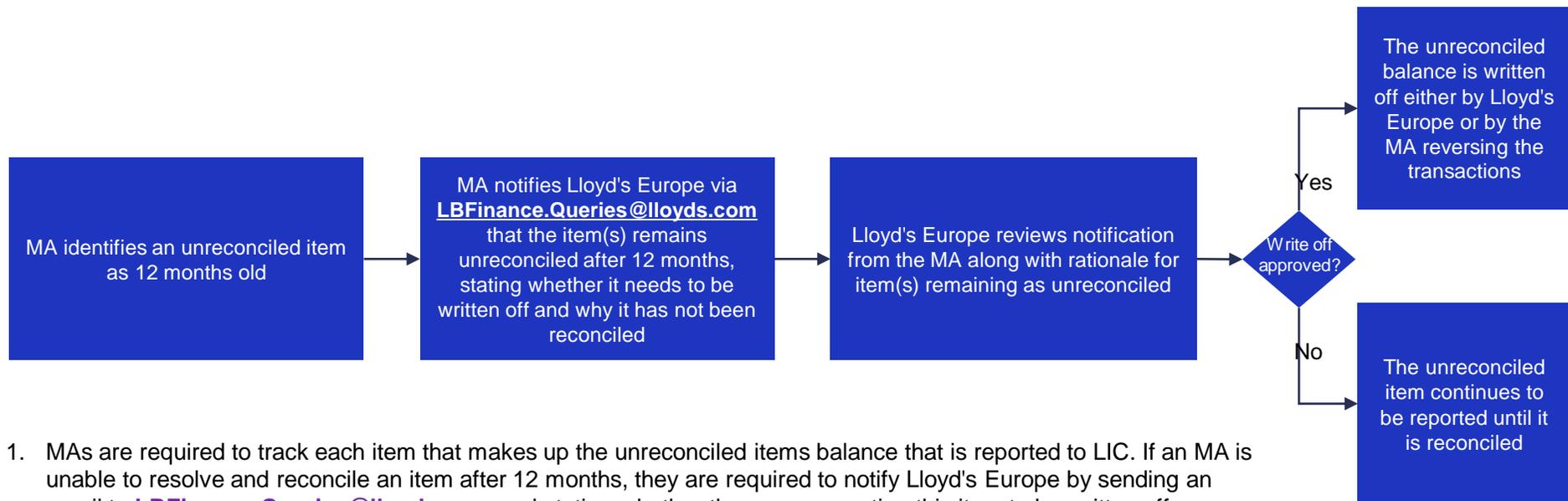
Cash Reconciliation

Steps to Agree Write-Off with LIC



MA / Syndicate Lloyd's Europe

Part VII Cash Reconciliation Write Off



1. MAs are required to track each item that makes up the unreconciled items balance that is reported to LIC. If an MA is unable to resolve and reconcile an item after 12 months, they are required to notify Lloyd's Europe by sending an email to LBFinance.Queries@lloyds.com and stating whether they are requesting this item to be written off
2. The notification to Lloyd's Europe must include a rationale as to why the item remains unreconciled after 12 months
3. Lloyd's Europe will review the notification provided by the MA and confirm whether the item can be written off. In making the decision Lloyd's Europe will consider the value of the unreconciled item, the rationale for it remaining unreconciled and the overall volume of unreconciled items written off by the syndicate
4. If Lloyd's Europe agrees that the item can be written off they will notify the MA and either:
 - a) Write off the balance internally if the balance relates to a cash movement with no data
 - b) Request the MA to reverse the transaction if the unreconciled item relates to data with no cash movement
5. If the item is not written off, Lloyd's Europe will continue to recognise it as an unreconciled item in the variance report until the point at which it is reconciled

Cash Reconciliation

Write-Off Approach – Example: Cash Movement without Data



MA / Syndicate Lloyd's Europe

- The example below shows an outstanding unreconciled item balance of 5,000 due to a cash receipt in Jan with no data

1 example syndicate / currency	2021					Total (TD)	Total Variance (TD)	Reported value of unreconciled items
	Jan	Feb	Mar	Apr - Nov	Dec			
Net movement in bank	-45,000	-200,000	-100,000	-1,500,000	-80,000	-1,925,000		
Net reported movement*	-50,000	-202,000	-98,000	-1,510,000	-70,000	-1,930,000		
Monthly Variance	5,000	2,000	-2,000	10,000	-10,000	5,000	5,000	5,000

MA View of Unreconciled Items			
Description	Date	Amount	Age of Item
Cash receipt no supporting data	25/01/2021	5,000	12 months

- After 12 months if the item remains unreconciled, and if in agreement with LIC, the item will be written off. For cash that has settled in the bank account this means that the item needs to be removed from the unreconciled items total going forward. Lloyd's Europe will “clear” the balance in its reports

1 example syndicate / currency	Jan	2021				2022		Total (TD)	Total Variance (TD)	Reported value of unreconciled items
		Feb	Mar	Apr - Nov	Dec	Jan				
Net movement in bank	-45,000	-200,000	-100,000	-1,500,000	-80,000	-120,000	-2,000,000			
Net reported movement*	-50,000	-202,000	-98,000	-1,510,000	-70,000	-135,000	-2,015,000			
Monthly Variance	5,000	2,000	-2,000	10,000	-10,000	15,000	15,000	15,000	15,000	

MA View of Unreconciled items			
Description	Date	Amount	Age of Item
Cash receipt no supporting data	25/01/2021	5,000	13 months
Transactions settling in Feb 2022	31/01/2022	15,000	1 month

Scope of reconciliation

Cash Reconciliation

Write-Off Approach – Example: Data with no cash movement



MA / Syndicate Lloyd's Europe

- The example below shows an outstanding unreconciled item balance of 5,000 due to the receipt of data with no associated cash transaction

1 example syndicate / currency	2021					Total (TD)	Total Variance (TD)	Reported value of unreconciled items
	Jan	Feb	Mar	Apr - Nov	Dec			
Net movement in bank	-50,000	-200,000	-100,000	-1,500,000	-80,000	-1,925,000		
Net reported movement*	-55,000	-202,000	-98,000	-1,510,000	-70,000	-1,930,000		
Monthly Variance	5,000	2,000	-2,000	10,000	-10,000	5,000	5,000	5,000

MA View of Unreconciled Items			
Description	Date	Amount	Age of Item
Claim payment data submitted – No cash movement	25/01/2021	5,000	12 months

- After 12 months if the item remains unreconciled, and if in agreement with LIC, the item will be written off. For data that has been submitted, but no cash settled, this requires the transaction to be reversed

1 example syndicate / currency	Jan	2021				2022		Total (TD)	Total Variance (TD)	Reported value of unreconciled items
		Feb	Mar	Apr - Nov	Dec	Jan				
Net movement in bank	-50,000	-200,000	-100,000	-1,500,000	-80,000	-120,000	-2,000,000			
Net reported movement*	-50,000	-202,000	-98,000	-1,510,000	-70,000	-135,000	-2,015,000			
Monthly Variance	0	2,000	-2,000	10,000	-10,000	15,000	15,000	15,000	15,000	

MA View of Unreconciled items			
Description	Date	Amount	Age of Item
Cash receipt no supporting data	25/01/2021	5,000	13 months
Transactions settling in Feb 2022	31/01/2022	15,000	1 month

Scope of reconciliation

Section 5: Complaints Management

Part VII Complaints Management

Key Principles



MA/ Syndicate



CH / DCA



Lloyd's Europe

MA's / Syndicates will remain responsible for handling complaints where the complaint relates to activities conducted pre-transfer

Lloyd's Europe will be responsible for handling complaints where the complaint relates to activities occurring post-transfer

All recipients of complaints will be required to identify if the complaint relates to pre/post-transfer activity in order to determine the appropriate respondent to the complaint and correctly route the complaint within the Lloyd's Europe Complaints process

Lloyd's Europe has signed up to the Voluntary FOS jurisdiction as part of the policy holder protection. The voluntary FOS jurisdiction applies to both transferred Part VII business and BAU complaints raised following the sign up date

Coverholders / DCAs will no longer be able to provide complaint handling support to Managing Agents / LIC where the business is impacted by EIOPA recommendation 9

All complaint management activity, including notification and resolution for Part VII business will follow the updated Lloyd's Europe Complaints process and guidance, released in December 2020

Complaints Actions

What does each organisation need to do?



	MA / Syndicate	CH / DCA
Open / closed complaints at the scheme effective date for Part VII transferring business	<ul style="list-style-type: none"> Complaints which are open / closed as at the scheme effective date for transferring Part VII business will not transfer to Lloyd's Europe. These complaints will remain the responsibility of the Managing Agent / Lloyd's Syndicate 	<ul style="list-style-type: none"> Complaints which are open / closed as at the scheme effective date for transferring Part VII business will not transfer to Lloyd's Europe. These complaints will remain the responsibility of the Managing Agent / Lloyd's Syndicate
Complaints notified on Part VII business (post-transfer)	<ul style="list-style-type: none"> MAs / Syndicates need to triage new complaints received after the transfer date to determine whether these relate to transferred Part VII business, using the Triage Rules (Triage Rules slide in Section 1) Where the complaint has been identified as relating to transferred Part VII business MAs / Syndicates need to determine if the complaint is the responsibility of LIC or the MA / Syndicate in order to correctly route the complaint handling Complaint routing, reporting and final response expectations are detailed within the updated LIC Operational Guidance – Complaints Handling for all complaints raised on Part VII business Managing Agents are expected to refer to the LIC Operational Guidance – Complaints Handling for the routing requirements and apply the routings to all complaints received on Part VII business, handling the complaints under their own processes as directed 	<ul style="list-style-type: none"> Coverholders / DCAs need to triage new complaints after the transfer date to determine whether these relate to a Part VII transferring policy, using the Triage Rules (Triage Rules slide in Section 1) Where the complaint has been identified as relating to transferred Part VII business CH / DCAs need to determine if the complaint is the responsibility of LIC or the MA / Syndicate in order to correctly route the complaint handling Complaint routing, reporting and final response expectations are detailed within the updated LIC Operational Guidance – Complaints Handling for all complaints raised on Part VII business Coverholders / DCAs are expected to refer to the LIC Operational Guidance – Complaints Handling for the routing requirements and apply the routings to all complaints received on Part VII business, handling the complaints under their own processes as directed
Recommendation 9 impact on Coverholder / DCA Authority to handle Complaints	<ul style="list-style-type: none"> UK Coverholders / DCAs will no longer have permission to handle complaints on the basis of delegated authority where business is impacted by recommendation 9 Managing Agents are expected to oversee that Coverholders / DCA's handling complaints via delegated authority continue to have the correct local permissions to continue to carry out this activity 	<ul style="list-style-type: none"> UK Coverholders / DCAs will no longer have permission to handle complaints on the basis of delegated authority where business is impacted by recommendation 9 Complaints must be passed to the Managing Agent / LIC to handle where the Coverholder / DCA can no longer carry out these activities
Additional information requirements on complaints LIC is responsible for (BAU and Part VII)	<ul style="list-style-type: none"> Additional information will be required when notifying complaints which are the responsibility of LIC to handle as a result of the Part VII and LIC sign up to the FOS voluntary jurisdiction scheme Managing Agents must provide the required information at the point of Compliant notification to LIC and inform LIC of all the applicable EDR schemes relevant to the complainant 	<ul style="list-style-type: none"> Additional information will be required when notifying complaints that are the responsibility of LIC to handle as a result of LIC signing up to the FOS voluntary jurisdiction scheme Coverholders / DCAs must provide the required information at the point of Compliant notification to LIC and inform LIC of all the applicable EDR schemes relevant to the complainant

Post-transfer: Part VII Complaints Management



Hyperlink



MA / Syndicate



Broker



Lloyd's Europe

After the transfer date, all complaints which have transferred to Lloyd's Europe responsibility, are required to be notified to Lloyd's Europe.

All complaints management activity, including notification and resolution for Part VII business must follow the Lloyd's Europe Complaints Processes / Guidance.

- Mas / Lloyd's Syndicates and CH / DCAs with complaints handling authority will be required to triage all new complaints received after the transfer date using the Segmentation Logic (see [Triage Rules](#) slide in Section 1).
- Notification of complaints which Lloyd's Europe will assume responsibility for handling will take place using the Notification Template used for Lloyd's Europe, which will be amended to include additional information required for post-transfer notifications
- MAs will investigate complaints and recommend resolution as an outsourced activity from Lloyd's Europe in-line with the Lloyd's Europe Complaints Processes / Guidance. Syndicates cannot directly correspond with complainants for the Part VII book of business and all correspondence must be via Lloyd's Europe (and Coverholders / DCAs with complaints handling authority) in-line with the Lloyd's Europe Complaints Processes / Guidance
- Coverholders / DCAs without complaints handling authority must notify the Managing Agent of the complaint, who will then notify Lloyd's Europe in line with the Lloyd's Europe Complaints Processes / Guidance via the Complaints Notification Template.
- Coverholders / DCAs with complaints handling authority must handle the complaint in line with Delegated Authority and in-line with the Lloyd's Europe Complaints Processes / Guidance
- All Coverholders / DCAs are expected to provide support throughout the complaints handling process as requested by the Managing Agent or Lloyd's Europe. Contact with the complainant or EDR throughout the complaints handling process must be via Lloyd's Europe and Coverholders with complaints handling authority only.
- Lloyd's Europe will be signing up to the Voluntary FOS jurisdiction as part of the policy holder protection. The voluntary FOS jurisdiction will apply to both transferred Part VII business and Lloyd's Europe BAU complaints raised post the sign up date. The effective sign up date to the FOS voluntary jurisdiction is yet to be confirmed and the Lloyd's Europe Complaints Processes / Guidance will be updated with details of the change and application for the guidance release in early December.

Complaint Routing Post-SED

Complaints routing within the LIC Complaints Guidance for complaints notified on Part VII business post-SED



MA / Syndicate



CH / DCA

For complaints notified post-SED the party receiving the complaint on Part VII business would need to identify if the activity occurred pre-or-post-transfer to determine correct handling route :

Time period the activity the complaint relates to occurred	Complaint Notification and Handling	Complaint Final Response	Compensation for the Complaint	Complaint Reporting
Pre-SED 2020 activities	Complaint must be notified to the Managing Agent for handling under their own and Lloyd's Corporation complaint procedures	Managing agent (or coverholder / DCA acting under their authority) would prepare and send the final response	Managing agent is responsible for any complaint compensation awarded	Managing agent would be required to report the complaint within their complaints system and to Lloyd's Corporation
Post-SED 2020 activities	Complaint must be notified to LIC and follow the complaints handling process as detailed within the LIC complaints guidance	LIC (or coverholder / DCA acting under their authority) would prepare and send the final response, as detailed within this procedure	LIC is responsible for any complaint compensation awarded	LIC would be required to report the complaint within LIC CareSmart
Mixed – includes both activities pre-and post-SED activities	Complaint must be notified to LIC and Lloyd's Corporation and will be investigated in line with the process' detailed within the LIC complaints guidance for LICs portion and under the Managing Agents and Lloyd's Corporation complaint procedures for their portion	Following the complaint investigation, a final response will be drafted in the name of the party(s) who have been identified as responsible for the activity that caused the complaint All final responses must be sent to LIC for review copying Lloyd's Corporation. LIC will send both final responses to the complainant to ensure that the complainant receives one consolidated reply on behalf of all parties	Managing agent and LIC are responsible for any complaint compensation awarded	Complaint needs to be reported to both Lloyd's Corporation and LIC for the relevant portion of the complaint. The Managing agent will be required to log two separate complaints on their system one for the Lloyd's Corporation and one for LIC for their relevant portion.
Unable to identify at the point of complaint notification activities	Complaint must be notified to LIC and follow the complaints handling process as detailed within the LIC complaints guidance If the activity relating to complaints relates to pre-transfer acts (in part or full) the MA must notify the Lloyd's Corporation once the MA responsibility has been determined	Depending on the outcome of the investigation, it will become clear who the responsible party is (LIC, MA or mixed) – final response is drafted as per the above routings. All final responses must be sent to LIC. LIC will send the final responses to the complainant. If the activity relating to complaints relates to pre-transfer acts (in part or full) LIC must provide a summary cover letter alongside the final response from the managing agent	Compensation awards must follow the above options depending on the outcome of the investigation	Reporting must follow the above options depending on the outcome of the investigation as per the above 3 situations

FOS Voluntary Jurisdiction

EDR referral as a result of signing up to the FOS voluntary jurisdiction – applies to complaints notified on both BAU and Part VII business



MA / Syndicate



CH / DCA

LIC is signing up to the voluntary FOS jurisdiction as part of the transfer to ensure that there is continued access to the UK dispute resolution process for eligible complainants.

The resulting impact is that there will be three possible EDR routes that a complainant may have access to:

External Dispute Resolution Scheme	When would the EDR scheme apply
Local EDR	Business conducted in Europe by EEA Coverholders / DCAs would most likely have access to a local EDR schemes. There are no changes to the complainants ability to access as a result of Part VII / signing up to the FOS voluntary jurisdiction.
Compulsory FOS Jurisdiction	Complaints on business which is conducted through the LIC UK branch. LIC considers business to be UK business where both the Policyholder and Risk location is based in the UK.
Voluntary Jurisdiction	<p>Complaints where the activity conducted meets both the activity and territorial scope of the FOS voluntary jurisdiction.</p> <p>This would extend to activities conducted in the EU where the activity is directed (wholly or in part) at the UK and the policy is written on the basis of the England and Wales, Scotland or Northern Ireland law.</p> <p>LIC interpretation of directed at the UK for the territorial scope would include either:</p> <ul style="list-style-type: none"> • UK based Policyholder regardless of claimant location; or • Policyholder is based anywhere other than the UK, but the complaint relates to a claim for a claimant based in the UK for a UK based risk

What happens if there is more than one EDR scheme which the complainant has been assessed as eligible for?

It is possible that the claimant may have access to more than one EDR scheme. In these cases the following action **must** be taken:

- All EDR schemes the complaint has access to must be identified based on the eligibility criteria
- When notifying the complaint to LIC the Coverholder / Managing Agent must notify all the applicable EDR schemes. LIC will then apply the process which has the strictest response times, or where the response periods are the same the most relevant scheme based on the complainant location, in LIC CareSmart.
- When providing a final response **all applicable** EDR schemes that the complainant has been assessed as eligible for must be referred to – the complainant can then choose where they refer their case for further action

FOS Voluntary Jurisdiction

Additional information required by LIC on complaints notified to LIC post-SED – applies to complaints notified on both BAU and Part VII business



MA / Syndicate



CH / DCA

LIC will be updating the Complaint notification requirements to include the additional information required for the complaint notification post transfer.

The additional information requested is covered in the table below and **must** be notified on **both** newly notified complaints for Part VII and complaints raised on LIC BAU business.

Additional Information Required	LIC Field Ref.	Reason for information requirement
Confirmation if the complaint relates to BAU or Part VII business	New*	Required confirmation if the business relates to BAU business or Part VII transferred business. This will be used as part of LIC record keeping and indicate if additional information is required to be notified on the complaint
Confirmation of complaints handling authority for Coverholders	Complaint Handling Authority	LIC does not have a comprehensive record of complaint handling authority for Part VII Coverholder agreements, therefore requires confirmation of Coverholder authority to handle complaints as per the binder for the transferred business
Confirmation if the activity the complaint relates to was undertaken by an establishment in the UK	New*	Required to determine if the FOS compulsory jurisdiction applies e.g. if business is conducted through the UK branch
Confirmation if the activity the complaint relates to is “directed” at the UK wholly or partly	New*	LIC interpretation of directed at the UK would include a complaint where either: 1) UK based Policyholder regardless of claimant location; or 2) Policyholder is based anywhere other than the UK, but the complaint relates to a claim for a claimant based in the UK for a UK based risk
Confirmation if the contract of insurance was written on the basis of law of either; England and Wales, Scotland or Northern Ireland	New*	Required to determine if the conditions of the FOS voluntary jurisdiction applies.

Coverholder / DCA Complaint Handling Authority

Coverholder / DCA complaint handling authority as a result of Recommendation 9



Hyperlink



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CH / DCA

Following the UK leaving the EU, UK based Coverholders will lose their authorisation to conduct insurance distribution activities within the EEA.

EIOPA's interpretation of the Insurance Distribution Directive (IDD), Recommendation 9, has been adopted across the EEA and requires EU national regulators to ensure that where **both** the policyholder and risk location is in the EU, all intermediaries are authorised, by the appropriate EU regulatory authority, to undertake IDD activities.

The below is a summary of how the changes will impact Coverholder / DCA complaints authorisation:

Coverholder / DCA Location	Business impacted / not impacted by Recommendation 9	Ability to provide complaint handling services post 31 December
UK based coverholder / DCA	Business impacted by Rec 9 (Policyholder and Risk location in the EEA)	Coverholder / DCA cannot continue to provide complaint handling. Authority to handle complaints reverts to: <ul style="list-style-type: none"> To Managing Agent for complaints on pre-transfer activities; or To LIC for complaints on post-transfer activities
	Business not impacted by Rec 9	No change - can continue to provide complaint handling services on a delegated basis. Handling of complaints would follow the complaint routing detailed here . Final response letters would need to be provided to LIC for review and sending on all complaints where: <ul style="list-style-type: none"> There is both a pre-and-post transfer activity; or Where the complaint required investigation to establish if this related to pre-or-post transfer activity.
EEA based coverholder / DCA	Business impacted by Rec 9 (Policyholder and Risk location in the EEA)	No change - can continue to provide complaint handling services on a delegated basis. Handling of complaints would follow the complaint routing detailed on slide 6. Final response letters would need to be provided to LIC for review and sending on all complaints where: <ul style="list-style-type: none"> There is both a pre-and-post transfer activity; or Where the complaint required investigation to establish if this related to pre-or-post transfer activity.
	Business not impacted by Rec 9	<ul style="list-style-type: none"> There is both a pre-and-post transfer activity; or Where the complaint required investigation to establish if this related to pre-or-post transfer activity.

Section 6: Sanctions (post transfer)

Removal of Policies with Sanctions Exposure



Action



MA/ Syndicate



Lloyd's Europe

Lloyd's of London has sought legal advice around the transfer of policies where there is a sanctions exposure. Legal advice received has indicated policies cannot be transferred where:

- Either the policy, or part thereof (at original signing level) or open claim (at COR level) is subject to asset freezes due to UN / EU / Belgium / UK sanctions regulation; or
- Either the policy or part thereof (at original signing level) or open claim (at COR level) is subject to asset freezes or it is a blocked policy due to US sanctions regulation, and the MA / Syndicate is in scope of the US sanctions regulatory jurisdiction.

Impact:

- **Policies or parts thereof (at original signing level) which are exposed to any of the above scenarios cannot be transferred to Lloyd's Europe, as transferring the policies or parts thereof (at original signing level) would result in a breach of sanctions regulation by an MA / Syndicate**
- **MA's / Syndicates have been asked to provide a list of signings that are unable to be transferred to Lloyd's Europe where the policy or part thereof is subject to asset freezes on the policy / claim or blocked as a result of sanctions exposure**
- **Based on the legal advice Lloyd's has taken in relation to the scheme and associated asset transfer, policies subject to secondary sanctions are able to be transferred to LIC.**
 - Secondary sanctions exposures will be handled post-transfer and LIC is investigating the establishment of a process for non-DXC / Citi transactions. The design of the process is being investigated and further communication will follow on this topic.
 - To support the design of the non-DXC / Citi transaction process LIC will be requesting explanatory details around MA's / Syndicates approach to financial crime and known sanctions exposures on business which is marked as transferring. Further communication on the scope and guidance of this request will be released in November.
- **It is recognised that by not transferring the above policies or parts thereof (at original signing level) the MA / Syndicate will have exposure to servicing risk where MA's / Syndicates are no longer authorised in the EU post 31st December 2020 and servicing is required.**

Removal of Policies with Sanctions Exposure

What does each organisation need to do?



Action



MA/ Syndicate



Lloyd's Europe

	Description of the Activity	Timing of Activity
Part VII excluded policy definition in scheme wording	<ul style="list-style-type: none"> Part VII has consulted with legal counsel on the wording of the excluded policy definition and concluded the wording as detailed within the appendix as final Scheme document has been updated, with the wording to exclude policies or parts thereof (at original signing level) that have sanctions exposures, which result in them being unable to transfer 	<ul style="list-style-type: none"> Concluded late August
Request for MA's / Syndicates to provide list of affected signings	<ul style="list-style-type: none"> Part VII have developed the accompany template and instructions for completion for MA's / Syndicates to record the affected policies or parts thereof (at original signing level) MA's / Syndicates are required to identify, assess and provide details of the affected policies or parts thereof (at original signing level), referring to the scheme wording scope All MA's / Syndicates will be required to provide details of the identified policies or parts thereof (at original signing level) within 2 weeks Where there are no affected policies or parts thereof (at original signing level) MA's / Syndicates will be required to confirm a nil return 	<ul style="list-style-type: none"> Part VII request was released 22nd September 2020 MA's / Syndicate return due by Thursday 1 October 2020
Part VII agreement that identified signings will not transfer	<ul style="list-style-type: none"> Policies or parts thereof (at original signing level) identified by MA's / Syndicates will have a status of not transferring and excluded from the Part VII transfer Policies or parts thereof (at original signing level) marked as not transferring will be confirmed to affected MA's / Syndicates via email. This will not be a reissuance of the Master List. 	<ul style="list-style-type: none"> Identified policies will have a status of "not transferring" following return from MA's / Syndicates
Transferring exposures & non-DXC / Citi Process	<ul style="list-style-type: none"> LIC is investigating the establishment of a process for non-DXC / Citi transactions and will consult on the proposed design with MA's / Syndicates. To support the design of the non-DXC / Citi transaction process LIC will be requesting explanatory details around MA's / Syndicates approach to financial crime and known sanctions exposures on business which is marked as transferring. 	<ul style="list-style-type: none"> Consultation on request for approach to financial crime oversight and sanctions exposures on business marked as transferring due early November
"Sweep-up" of signings with new exposures prior to transfer	<ul style="list-style-type: none"> Part VII will request for MA's / Syndicates to provide details of any newly affected policies or parts thereof (at original signing level) Only MA's / Syndicates with new policies or parts thereof (at original signing level) will be required to make a return within 2 weeks Signings identified by MA's / Syndicates will have a status of not transferring and excluded from the Part VII transfer MA's / Syndicates will need to notify any additional affected policies or parts thereof (at original signing level) identified pre-transfer. These will be excluded from scheme transfer, however Part VII will not have an opportunity to amend the status to not transferring, these will be managed on a case by case basis post scheme effective date 	<ul style="list-style-type: none"> "Sweep-up" request will be released w/e 27th November 2020 MA's / Syndicate return due by 11th December 2020

Sanctions (post transfer)

Overview



Policy Holder



Broker



MA / Syndicate



CH / DCA



Lloyd's Europe

Lloyd's Europe sanctions screening process for Part VII business will be in accordance with a set of key principles listed below

1. Market Requirements

- Market participants will be required to continue to adhere to their financial crime screening obligations, including their existing local legal requirements and their contractual arrangements with Lloyd's Europe - which will continue to apply to Part VII business.
- This activity is delegated from Lloyd's Europe, through the Outsourcing Agreement, to the market for BAU business, and will continue to be delegated for transferring Part VII business.
- Once transferred, both Lloyd's Europe existing and Part VII business will be subject to the same requirements, and Lloyd's Europe will monitor compliance with those requirements under the Outsourcing Agreement.
- There may be differences between the requirements for Market participants as regulated by Lloyd's, and as outsource providers for Lloyd's Europe

2. Lloyd's Europe Part VII Sanction Process

- Lloyd's Europe intends to establish a post-transaction Sanctions screening process for Part VII transactions against the policyholder / claim beneficiary
- The Lloyd's Europe screening process for Part VII will follow the same screening and clearing process as developed by Lloyd's Europe for BAU

Section 7: Accounting Treatment and Reporting

Introduction



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Lloyd's Europe

Lloyd's issued initial accounting treatment and reporting market guidance on 17 July 2020. This was followed by a market briefing session held on 22 July 2020. An update to this guidance was issued on 31 July 2020, but this did not include details for GQD / TPD returns. This document is an update to the guidance issued on 31 July 2020 to include information on GQD / TPD returns.

Auditor review is ongoing.

1. Changes to the Part VII scheme effective date

- On 22 July 2020, Lloyd's announced its decision to delay the Part VII scheme effective date (SED) from 29 October to 30 December 2020. The change in SED has no impact on the proposed accounting treatment. On reporting, the date for Managing Agents (MAs) to submit more detailed information containing policy-level balances as at transfer date has now changed from around working day 10 of November 2020 to around working day 10 of January 2021.

2. Additional guidance provided

- Additional guidance on market returns is included from [these slides](#). A form by form analysis of QSR, ASR and ASB is attached with this document (as detailed in [appendix 3](#)). [This slide](#) provides a summary of the impact assessment on reporting requirements.
- Lloyd's has provided responses to questions raised at the market briefing session held on 22 July 2020. The responses to the questions ASB is attached with this document (as detailed in [appendix 3](#)). A list of Frequently Asked Questions (FAQ) will be maintained and will continue to be updated with additional questions raised and the appropriate responses.

3. Auditor review

- PwC, Lloyd's auditor, are reviewing the proposed accounting treatment for Syndicates and have provided an early view that they consider it broadly acceptable. Their review is still ongoing, however no significant issues have been identified at this stage. Lloyd's will provide an update to the market when the review is finalised.
- Lloyd's has also engaged with the market's auditors, and their review is ongoing. An update will be provided when this completes.

Background and purpose



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On 30 December 2020 Lloyd's Syndicates will enter into two separate transactions with Lloyd's Insurance Company S.A. (LIC)

- 1) The Part VII transfer of the back book of EEA business to LIC by the Lloyd's Members (transfer of insurance liabilities);**
- 2) The purchase of a 100% quota share reinsurance policy by LIC from Lloyd's Members to cover these liabilities.**

The first transaction (the Part VII transfer) involves the transfer of insurance liabilities and assets related to the transferring book, together with equal cash. As such, the transfer is at net nil value and has no consideration.

Fact Pattern

1. The intent of the transfer is to leave transferors economically in the same position as they were prior to transfer. The liabilities transferred will be matched by assets of exactly the same amount, and the reinsurance leg will provide an exact mirror.
2. The value of liabilities transferring will be calculated centrally by Lloyd's using a methodology communicated to the market. The estimate will cover incurred claims reserves, net unearned premiums and premiums receivable. The value will be denominated in USD, and will be broken down by Syndicate and Year of Account.
3. The Lloyd's valuation will approximate the balances recorded on Syndicates' balance sheets, however it will not be directly comparable for the following reasons:
 - The Lloyd's valuation will be calculated at an aggregate level and will not provide policy level detail;
 - The Lloyd's valuation will not provide a split of IBNR.

Purpose

1. The purpose of this document is to provide guidance on the proposed accounting treatment, based on the above fact pattern, to ensure appropriate level of consistency across the market. This document also sets out the impact on statutory accounts and market returns.
2. The Programme team has discussed the accounting treatment with market auditors who have provided an early view that they consider it broadly acceptable, and no significant issues have been identified at this stage. MAs will still need to obtain agreement from their respective auditors.

Stages to be completed



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- 1) There are 4 stages to be completed, with all stages except stage 3 completing on 30 December 2020 (referred to as Day 1), and stage 3 completing on 4 January 2021. The accounting treatment for each of the stages is set out in the slides that follow.
- 2) In January 2021, around working day 10, MAs will be required to provide to LIC finalised policy-level balances as at transfer date (referred to as Initial Data Load). This has no accounting impact on the Syndicates.

1. Stages to be completed on Day 1:

- Stage 1 - Transfer of EEA insurance liabilities and cash and non-cash assets relating to the transferring book from the Syndicates to LIC under a Part VII Scheme. Amounts will be denominated in USD.
 - Stage 2 - Reinsurance of the same EEA risks by LIC back to the Syndicates under a separate reinsurance contract in exchange for an equal cash reinsurance premium paid by LIC. Amounts will be denominated in USD.
 - Stage 3 - Payment of advance funds by Syndicates under the reinsurance agreement into segregated Part VII Settlement bank accounts managed by MAs on behalf of LIC to settle Part VII claims. Amounts will be denominated in multiple currencies, expected to be primarily GBP, EUR and USD.
 - Stage 4 - Transfer of certain rights in relation to EEA business from Syndicates to LIC under a separate contract. This will include sundry assets that the parties may wish to transfer, for example, the legal rights to recover pre-existing loss funds from Coverholders and DCAs administering the binder business will transfer to LIC. There will be no movement of cash and Loss Funds will remain intact with the respective Coverholders and DCAs for use in servicing claims until expiry of the binder. LIC will recognise an obligation to pass these funds back to the Syndicates once received from Coverholders and DCAs.
2. In the month after transfer, MAs administering the policies will submit to LIC more detailed information containing policy-level balances as at transfer date, amounts denominated in the underlying currencies. This is referred to as the 'Initial Data Load' and is expected to be provided by the MAs to LIC around working day 10 of January 2021.

Accounting treatment - Stages 1 and 2



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Stage 1 - Transfer of EEA insurance liabilities and assets related to the transferring book, together with equal cash, from the Syndicates to LIC under a Part VII Scheme.

Stage 2 - Reinsurance of the same EEA insurance liabilities by LIC back to the Syndicates under a separate reinsurance contract in exchange for an equal cash reinsurance premium paid by LIC.

	Cash entries	Balance sheet reclassification
Stage 1	Cash transferred to LIC is credited from Bank and the other side posted to the income statement as 'negative' gross written premium (rationale set out on Rationale for proposed treatment (UK GAAP) and Rationale for proposed treatment (UK GAAP) (cont)).	Record a reduction in liabilities, in the classes of business that the liabilities are transferring from (liabilities relating to previous multiple counterparties), and record a corresponding increase in the liabilities, in the classes of business that the liabilities are reinsured into (with the counterparty being LIC). Record an reduction in non-cash assets related to the transferred book, from the classes of business that the non-cash assets are transferring from, and record a corresponding increase in the classes of business that the non-cash assets are assumed.
Stage 2	Cash received from LIC in respect of reinsurance premium is debited to Bank and the other side posted to the income statement also on the gross written premium line.	

Day 1 impact

1. No impact on the balance sheet as the same line items are impacted by the reclassification entries. The cash transferred to LIC and the cash received from LIC offset each other.
2. On the income statement, the entries in the gross written premiums line offset to nil net gross written premium.
3. Balances relating to the transferred business are now classed as inwards reinsurance business rather than direct insurance, and the counterparty becomes LIC, rather than the original policyholders.

Rationale for proposed treatment (UK GAAP)



MA / Syndicate



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The rationale below is proposed by the Lloyd's Part VII Programme team based on an analysis of the applicable accounting guidance and relevant precedent.

The Programme team has discussed the accounting treatment with market auditors but MAs will still need to obtain agreement from their respective auditors.

There are two key areas of accounting judgement:

- The treatment of the cash transferred to LIC; and
- Effecting the change from direct insurance to inwards reinsurance business.

Treatment of cash transferred to LIC

1. FRS 103 defines portfolio transfer, portfolio claims and portfolio premiums. The Implementation Guidance to FRS 103 (which is not mandatory) provides guidance on how to account for portfolio claims and portfolio premiums:
 - Portfolio claims are amounts payable by one insurer to another in consideration for a contract whereby the latter agrees to assume responsibility for the unpaid claims incurred by the former prior to a date specified in the contract – should be recognised in the financial statements of the transferor as payments in settlement of the claims transferred.
 - Portfolio premiums are amounts payable by one insurer to another in consideration for a contract whereby the latter agrees to assume responsibility for the claims arising on a portfolio of in-force business written by the former from a future date until the expiry of the policies - should be included within premiums for reinsurance outwards in the financial statements of the transferor but deferred to subsequent reporting periods as appropriate in respect of any unexpired period of risk at the reporting date.
2. The cash transferred to LIC on the transfer leg constitutes both portfolio claims and portfolio premiums as defined by FRS 103, however the split will not be known on transfer date.

Rationale for proposed treatment (UK GAAP), continued



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3. If we applied the above guidance, this would imply that Syndicates estimate the earned part of the cash transferred to be shown on the 'claims paid' line (i.e. the part relating to unpaid claims incurred prior to SED), and the unearned part to be shown in the 'outward reinsurance premiums' line (i.e. the part that relates to the period after SED until the expiry of the policies).
4. On the reinsurance leg, the full reinsurance premium received would be recorded in the gross premiums line. Whilst the net effect on the total income statement would be nil, there would large amounts recorded in the gross premiums written line and in the claims paid line, essentially in respect of the same underlying risks.
5. As noted in the fact pattern, the intent of the transfer is to leave transferors economically in the same position as they were prior to the transfer. In order to reflect this economic substance, we propose that Syndicates present the cash transferred under the transfer leg in the gross written premiums line in the income statement (essentially a 'negative gross written premium') so that it offsets the reinsurance premium paid which is shown on the same line
6. This way the cumulative effective gross written premiums over the life of the EEA policies transferred would not be double counted, i.e. recorded historically as direct insurance premiums, then recorded again as reinsurance premium at the time of transfer.
7. In addition, the proposed treatment would minimise distorting the income statement subtotals, minimise presentational mismatches, and eliminate a need to make any adjustments that may be required in the calculation of key performance ratios.

Effecting the change from direct insurance to inwards reinsurance business

1. The change in class of business from direct insurance to inwards reinsurance of business could be effected by posting entries through the income statement or achieved by posting the movements by simple balance sheet reclassification entries. The balance sheet reclassification is preferred because:
 - this approach avoids distortion of underwriting results by class of business, resulting from the cash transfer amount advised by Lloyd's not being equal to the net liabilities per the Syndicate's underlying records;
 - it avoids potentially confusing negative and positive gross written premium movements across the classes of business in the segmental results.

Accounting treatment - Stages 3 and 4



MA / Syndicate



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Stage 3 - Payment of advance funds by Syndicates under the reinsurance agreement into segregated Part VII Settlement bank accounts managed by MAs on behalf of LIC to settle Part VII claims.

Stage 4 - Transfer of certain rights in relation to EEA business from Syndicates to LIC.

Stage 3

1. Syndicates will recognise an asset to record the deposit to Cedant in relation to the advance funds paid to LIC. The other side of the entry is a credit to bank. Syndicates will need to select an appropriate accounting policy for the deposit to Cedant, including regular assessment for impairment.

Accounting entry

DR: Deposits with ceding undertakings - Part VII Float Deposit due from LIC (various currencies)

CR: Bank (various currencies)

Being the payment of float amounts in various currencies

Stage 4

1. The Syndicates' rights to recover Loss Funds relating to Part VII business will transfer to LIC under a separate contract, and LIC will simultaneously take on the obligation to pass the same funds back to the originating syndicate once received from CHs/DCAs on expiry of the relevant binder. Syndicates will derecognise the amounts due from CHs and DCAs and recognise equal amounts due from LIC.

Accounting entry

DR: New Part VII Loss Funds due from LIC (various currencies)

CR: Old Loss Funds due from CHs and DCAs (various currencies)

Being the recognition of Loss Funds due from CHs and DCAs, and due to LIC (various currencies)

Impact on Syndicates' statutory accounts



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Income statement

1. Stages 1 and 2 - as the cash transferred on the transfer leg will be reflected on the GWP line (as a negative premium) and the reinsurance premium received is recorded on the same GWP line, there is a net nil impact on this line.
2. Stages 3 and 4 have no impact on the income statement.

Balance sheet

1. Stages 1 and 2 - the balance sheet reclassification entries to effect the class of business change have a net nil impact on the face of the balance sheet, however the transferred liabilities and related non-cash assets are now classed as inward reinsurance business, with LIC as counterparty. There is a net nil impact on cash balances.
2. Stage 3 - Settlement float accounts are reflected on the balance sheet as 'deposits with ceding undertakings'. As the Stage 3 cash flow is taking place in 2021, this should be reflected as a 2021 transaction in the Syndicates' books and records (though disclosure of a Post Balance Sheet Event in the notes to the 2020 accounts may be considered, depending on materiality)
3. Stage 4 - the transfer of the Syndicates' rights to recover Loss Funds relating to Part VII business to LIC (from CHs/DCAS) has no impact on the face of the balance sheet.

Accounting policies and notes to the accounts

1. Relevant disclosures will be required in the notes to the accounts to ensure transparency of the transactions. Illustrative disclosures are included in [Appendix 2](#).
2. MAs will need to consider which accounting policies need to be updated to reflect the accounting treatment of the transaction, the most notable being:
 - Written premiums – consider whether this needs to be updated to reflect the one-off treatment of cash transferred.
 - Deposits with ceding undertakings - selection of an appropriate accounting policy, including regular assessment for impairment.

Impact on market returns



MA / Syndicate



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- Given the SED of 30 December 2020, and in line with Lloyd's guidance no movements will be processed on the transferred business on 31 December 2020, the income statement items in the segmental analysis in the 2020 accounts will be reflected in the same classes of business as they were prior to SED, i.e. the segmental analysis table will not show any impact of the Part VII transfer for 2020. Disclosures will be used to explain the treatment of the Part VII transfer and reinsurance transactions in the segmental analysis. In future reporting periods, movements on the transferred business will be reflected as inwards reinsurance business in the segmental analysis.

QMA reporting

- Segmental QMA 104 should show any transactions taking place prior to the SED in the current classes of business. Any transactions on transferred policies occurring after the SED should be reported as inwards reinsurance and thus in the relevant classes of business. Accordingly, any transactions on transferred policies occurring after the SED will also need to be reported on QMA 104(R).
- No additional detail to supplement the QMA 104 segmental form will be required to be submitted for Q4 2020 reporting in respect of transferred policies. New business written through LIC (non-Part VII risks) should continue to be reported as assumed reinsurance. Additional information may be required on LIC new business to allow Lloyd's to reclassify this as direct business in its PFFS, in which transactions between LIC and the market are eliminated.
- With regard to QMA 110u, it is not expected that there will be a reporting impact as a result of the Part VII transfer. Syndicates should continue to report any transactions against the original pure year of account. It is expected that this treatment will be applied consistently across all QMA forms. However, this does not alter the legal position in that any policies transferred to LIC under the Part VII Scheme will be reinsured back into:
 - The 2018 YOA for policies written in (or reinsured to close into) 2018 and prior (unless there is an open 2017 YOA);
 - The 2019 YOA for policies written in 2019 (where applicable);
 - The 2020 YOA for policies written in 2020 (where applicable).
- QMA 201/205 and balance sheet – MAs will need to consider mapping of debtors/creditors with LIC and treat appropriately in terms of mapping these to direct/reinsurance operations. In addition, deposits with ceding undertakings will need to be included in QMA 201.
- QMA 450 claims development table – there should be no changes relating to the pure year of account (consistent with point 3 above).

Impact on market returns (continued)



Hyperlink



MA / Syndicate



CH / DCA



Lloyd's Europe

QMA reporting (continued)

6. For syndicates completing Schedule 3 forms:

- Segmental QMA106 will follow the same treatment as QMA 104 for the affected years of account;
- QMA 203/206 balance sheet (will need to be consistent with QMA 201/205) – MAs will need to consider mapping of debtors/creditors with LIC are treated appropriately in terms of mapping these to direct/reinsurance operations for each affected years of account.

7. There is no impact on prior year restatement forms. Where there are changes to balance sheet (e.g. deposits with ceding undertakings) these need to be consistently disclosed in notes (e.g. QMA 400 series of forms).

Solvency II reporting – QSR/ASR, QAD/AAD & ASB

1. No net impact on QSR/ASR 002 balance sheet or QSR/ASR 220 own funds – consistent with Syndicate QMA level impact described on the [previous slide](#).
2. In contrast to the QMA/syndicate accounts, there is no impact on reinsurance receivables/payables in the SII balance sheet (QSR 002 and ASR 002, row R0370) as these relate to outwards reinsurance, not assumed reinsurance.
3. Settlement float account to be treated as deposit with cedant on the QSR/ASR 002 balance sheet and QAD/AAD. As the settlement float account will not be established until 4 January 2021, this is not expected to be disclosed in the 2020 year-end submission.
4. Where forms report balance sheet information by line of business, changes will be required to reflect business that was previously direct or assumed non-proportional reinsurance becoming assumed reinsurance (will affect forms including QSR/ASR 240, 510, ASB). Forms reporting P&L type information, such as Q/ASR 440, must follow the GAAP accounting treatment reported in the QMA. Accordingly, transactions on transferred policies should be reported as they were prior to the SED and the switch between direct and assumed reinsurance should not be reported for the 2020 year end.

Impact on market returns (continued)



Hyperlink



MA / Syndicate



CH / DCA



Lloyd's Europe

Solvency II reporting – QSR/ASR, QAD/AAD & ASB (continued)

5. There is no impact on ASR 227, however there are two presentation options to be considered:

- Option 1 - technical provisions transferred to LIC are reflected in the line item “Change in perimeter” and technical provisions assumed on the reinsurance from LIC (equal and opposite) are reported in the line item “Best Estimate on risk accepted during the period”, i.e. a gross presentation.
- Option 2 – the transfer out to LIC and the subsequent assumed reinsurance of liabilities from LIC are both reported on the same line, i.e. net presentation, meaning the effect of the transaction cannot be seen on ASR 227.
- Strictly applying the Solvency II guidelines, option 1 would be the technically appropriate approach. However option 2 is the preferred approach to better reflect the substance of the transaction. This is consistent with the approach taken in the Syndicates’ income statements and is likely to be easier for the for MAs to prepare. This is currently in discussion with Lloyd’s auditors and we welcome the market’s views on the preferred approach. Please note that the form by form guidance currently reflects the ‘gross presentation’ pending feedback from the auditors.

6. Detailed form by form guidance is provided in [appendix 3](#). This includes guidance in respect of the Xchanging risks and claims service (‘Step B’).

Impact on market returns (continued)



MA / Syndicate



CH / DCA



Lloyd's Europe

TPD and GQD returns

Lloyd's have previously provided communication to the market regarding a potential change to the GQD return as a result of the Part VII transfer in order to ensure that the Part VII transferred business is reported under the correct SII Class of Business.

Following consideration of the initial feedback received, Lloyd's are proposing to collect Solvency II TP's by Risk Code/ Solvency II class in a separate excel file via the TPD Secure Store, instead of requesting a one-off correction to the GQD return.

This is in addition to appropriately reporting the Part VII transferred business through a Proportional Treaty transaction type going forwards. Further details around the background to the change and the proposal can be found below.

Background

1. Following the Part VII transfer, all the business transferred to Lloyd's Europe will need to be reported under a Proportional Treaty transaction type code in the GQD, the same as any business being underwritten through Lloyd's Europe. This is to ensure Lloyd's can report the Solvency II class correctly as set out under Solvency II rules.
2. Although the GQD is an incremental return, it is used to build up a cumulative position which Lloyd's use for internal processes and reporting. Therefore this change will cause a disconnect between the historic data, which will have been reported under the direct transaction codes/SII classes, and the future business which will be under proportional treaty transaction codes/SII classes.
3. This disconnect between the historic and future business will cause issues for Lloyd's SII class reporting as premium and claims will be misaligned and Lloyd's will also be overreporting our direct business.

Impact on market returns (continued)



MA / Syndicate



CH / DCA



Lloyd's Europe

TPD and GQD returns (continued)

Solution

1. The initial solution was to ask the market to provide a historical cumulative GQD correction for transaction types, however there were significant concerns on how difficult this would be for the market. Lloyd's proposal now is to collect Solvency II TP's by Risk Code/ Solvency II class in a separate excel or CSV file via the TPD Secure Store. This would be the information Lloyd's collect in this spreadsheet:

Pure Year of Account	Reporting Year of Account	Risk Code	Solvency II Class	Original Currency Code (6+1)	Gross Technical Provisions	RI Technical Provisions	Net Technical Provisions
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2. Validations would be performed on this data post submission and any queries would be shared with the market alongside current post submission validations. Once the TPD return moves onto Market Data Collection (MDC) platform, this additional information will be collected via a new form in the same format as above. Lloyd's have had some initial discussions with a small group of market participants on this proposal and believe this solution is achievable.
3. Note however that going forwards from the Part VII transfer date, the business transferred to Lloyd's Europe will still need to be reported in the GQD under a Proportional Treaty transaction type code.

Pure Year of Account and Risk Code information

1. Both Pure Year of Account (YOA) and Risk Code information submitted in the TPD and GQD should be reported on a look through basis and should reflect the YOA and risk of the underlying policy rather than the Part VII transaction. This is consistent with the guidance QMA 110u.

Current Market Reporting

Overview



Hyperlink



MA / Syndicate



CH / DCA



Lloyd's Europe



An impact assessment has been carried out on the current Lloyd's reporting requirements.



The review focused on all reporting requirements as set out in the Core Market Return and Non-Core Market Return catalogues. It also included any other returns identified through discussions with the relevant Lloyd's return owners



The following summary table shows a consolidated view of the findings from the impact assessment. The [Current Market Reporting](#) slides in the Appendix show analysis for each report

Reporting basis change
Solvency II – ASR / QSR / ASB
Solvency II – AAD / QAD
Syndicate Report & Accounts
QMA
Lloyd's Europe Standard Formula
Gross Quarterly Data (GQD)
Reporting requirement change
Solvency II – Risk and Claims Reporting
Lloyd's Direct Reporting (LDR) - On Elective Basis
Technical Provisions Data (TPD)
No Impact
France – GAREAT Large Risk Pool
France – GAREAT Small and Medium Sized Risk Pool
France – Reporting of Medical Legal Liability Business
France – Reporting of Trade Credit Business

No Impact
Ireland - Motor Gross Written Premiums
US Regulatory Reporting Return
Non-XIS Quarterly Overseas Business Returns for various territories
Annual Non-XIS Return
US Qualified Intermediary Arrangements
TUK (UK Tax)
Model Change Submissions
Lloyd's Capital Return (LCR)
Additional US Tax Returns
Singapore Tax Return
US Federal Excise Tax
US SIS (Syndicate information statement returns)
Canadian SIS (Syndicate information statement returns)
Lloyd's Catastrophe Model

No Impact
MRC - SAO
Agent Expense Return
Syndicate Business Forecast (SBF)
QMB
Performance Management Data return (PMDr)
Realistic Disaster Scenario (RDS)
Realistic Disaster Scenario Lite
Realistic Disaster Scenario – Supplementary Information
LCM (Lloyd's Catastrophe Model in-force quarterly return)
LCM Forecast (Lloyd's Catastrophe Model forecast return)
Syndicate Reinsurance Structure (SRS)
Related Parties Disclosure (RPD)
Broker Remuneration Report

Back-book Unknowns

Market Reporting Considerations



MA / Syndicate



Lloyd's Europe



Some Managing Agents (MAs) have a large proportion of their Master List policies with an Unknown status



Triage of active policies and policies with open claims must be undertaken by Managing Agents in order to provide initial load data via MDC - the Unknown status of these policies will be triaged into a definitive transferring or non-transferring status



The back-book Master List policies that **do not fall within the active policies and policies with open claims categories** (referred to below as “back-book unknowns”) do not need to be triaged by Managing Agents to meet LIC operational requirements



A number of MAs have suggested that they may treat all “back-book unknowns” as non-transferring in their internal systems, rather than triaging all of these policies, and would update the status of any “back-book unknown” policy that is triaged as transferring by DXC (or by the MAs themselves in the case of non-bureau business) as and when they are processed

For Lloyd's reporting, this approach may impact Solvency II reporting:

- Solvency II reporting may be impacted where a policy is currently non-proportional reinsurance which will be reported incorrectly on Solvency II templates requiring historic information. (Note: non-proportional reinsurance is expected to be a very small proportion of the back-book as only German RI is transferring)
- This will not have an impact for reporting data related to direct policies which would need to be reported as proportional reinsurance following the transfer as the forms impacted by this approach require information by SII Line of Business, within which direct and proportional insurance business are aggregated
- There could also be an impact in reporting accurate future projections of IBNR which could include amounts relating to the “back-book unknowns”



The TPD / GQD reports are not directly impacted, but will need to follow the approach taken by MAs for Solvency II Reporting



Part VII data analysis regarding this issue has indicated that the reporting impact of the suggested approach will not be material in aggregate for the market as a whole. However, MAs should consider their own approach in the context of the materiality for each managed syndicate, including discussion with their auditors where appropriate



- To assess materiality the programme looked at claims paid data as at end of Q2 2020 for non-proportional reinsurance business with an Unknown transferring status

Loss Funds Reconciliation

Summary View of the Loss Fund Reconciliation Approach conducted in H1 2021



MA / Syndicate



Lloyd's Europe



RRD

- A reconciliation was created using data from Lloyd's Europe internal data source – this includes XIS and LDR business only
- This data formed an expected view of the transferring Loss Funds:
 - Claim PTD value
 - As at end of March 2021
 - Where segmentation logic indicates it is transferring (i.e. ML Status = T or ML Status = M/U & data in Lloyd's Europe internal data source indicates transferring).

LFTA Schedules

- A reconciliation was created using data from original LFTA Schedules against Lloyd's Europe internal data
- MAs were required to:
 - **Explain** why Loss Funds are not transferring
 - **Remediate** by providing and updated schedule

MDC

- A reconciliation was created using data from MA Initial Load and Initial Load catch-up submissions
- MAs were required to:
 - **Correct** via an Initial Load Catch-up file submission

Reconciliation 1: Lloyd's Europe internal data source vs LFTA

Reconciliation 2: LFTA vs MDC

Loss Funds Reconciliation

Transition to BAU



Hyperlink



MA / Syndicate



Lloyd's Europe

- The Loss Funds reconciliation effort was accomplished in two stages:
 - Stage 1 – a refresh of lead syndicates' transferring schedules following a reconciliation against Lloyd's internal data
 - Stage 2 – Loss Funds MDC submissions/corrections from Lead and Follow syndicates in line with revised schedules achieved at Stage 1
- Loss Funds related operations are now handled by the Lloyd's Europe Claims. They monitor and handle the following activities as part of BAU processing:
 - Changes which Lead MAs make to their schedule (only minimal expected) – detailed guidance can be found [here](#)
 - Quarterly review of the MDC Loss Funds position per Syndicate and will contact MAs as required
- If there has been a Loss Fund added to and/or removed from a transferring schedule (based on the output from Stage 1), Lloyd's Europe Claims team will reach out to individual MAs for new legal agreements to be signed
- Where relevant, the MA is required to coordinate with Coverholders / DCAs to sign confirmation forms indicating their agreement to holding funds on behalf of LIC
- For any queries relating to the BAU monitoring of Part VII loss funds, please email LloydsEurope.Info@lloyds.com and LloydsEurope.Claims@lloyds.com

Amendments to the LFTA Schedule

Market Guidance



Hyperlink



MA / Syndicate



Lloyd's Europe

Following the Part VII Programme's completion of Stage 1 Loss Funds Reconciliation with MAs (July 2021), a baselined view of transferring loss funds was agreed with each MA - known as the Part VII Loss Fund 'Schedule'. However, there is a possibility for future changes to the Schedule and this slide covers the BAU process for amendments going forward.

There are two types of amendments to the transferring loss funds Schedule:

1. The Lead syndicate identifies a loss fund that was previously not included (e.g. due to inaccurate triage, simply missed off or prior to dispute raised)
2. The Lead syndicate identifies a loss fund in the LFTA Schedule that was included in error (e.g. due to inaccurate triage or prior to dispute raised)

	Data / Documentation	Activity	Who completes activity?	Sequence / Month
1	Schedule	<ul style="list-style-type: none"> Where the Lead syndicate recognises a loss fund needs to be added and/or reversed, they will update the LFTA Schedule <ul style="list-style-type: none"> Upload the updated LFTA Schedule on Secure Store Email LloydsEurope.Info@lloyds.com to confirm the details relating to the update(s) Within the email, the Follower Syndicate numbers for each added and/or removed Loss Funds must be included 	<ul style="list-style-type: none"> Lead Syndicate 	
2	LFTA	<ul style="list-style-type: none"> If Lloyd's Europe agrees with the amendment to the Schedule, <ul style="list-style-type: none"> They will share a new LFTA (to confirm the status of additional or reversed Loss Funds) with the Lead syndicate The Lead Syndicate will sign and return the LFTA to Lloyd's Europe Lloyd's Europe will then notify Follower syndicates of the updated Loss Fund status and request the irrelevant data to be supplied via MDC (see Step 4) If Lloyd's Europe does not agree with the amendment to the Schedule, queries will be sent to the Lead syndicate for further clarification 	<ul style="list-style-type: none"> Lead Syndicate Lloyd's Europe Claims team 	
3	Loss Fund Confirmation forms	<ul style="list-style-type: none"> Impacted MAs will liaise with each Coverholder or TPA to sign the Loss Fund confirmation form where there has been a 'new transferring' Loss Fund identified MAs will then upload the signed confirmation form to SecureStore and confirm having done so by emailing lloydsEurope.Info@lloyds.com 	<ul style="list-style-type: none"> Lead Syndicate 	Within 20 WDs of new LFTA date
4	MDC	<ul style="list-style-type: none"> Depending on the change made to the Schedule, impacted syndicates will submit via MDC either a new Loss Fund record in an Initial Load catch-up or a correction (to the Initial Load and/or Monthly submissions) to remove the relevant record(s) <ul style="list-style-type: none"> Refer here for guidance on reporting Loss Fund values and movements Refer to the Loss Fund Corrections document for guidance on how to remove a Loss Fund record 	<ul style="list-style-type: none"> Lead Syndicate Follow Syndicate(s) 	

*If there is a dispute on the transferring status of a Loss Fund between MAs, MAs should follow the [BAU disputes process](#)

Appendix

Changes to the Scheme Effective Date - Overview



Following the updates provided to the market in briefings, LMA Meetings, COO AG and OWGs since late July, the Part VII Programme committed to providing further guidance on key milestones and timeline as a result of the Scheme Effective Date (SED) change. More detailed analysis is provided now for review.



As a reminder, the decision to delay the SED was made to enable the market participants, Lloyd's and Lloyd's Europe to be ready and to give the maximum amount of time available for the successful implementation of this substantial and complex Part VII transfer. This decision has not been taken lightly and we do understand the impact on market participants. We fully appreciate the hard work and commitment from the entire market to make this transfer happen in line with the Brexit transition end date.



The Sanctions Hearing is now scheduled for 18 November 2020. The SED has moved from 29 October to 30 December 2020.



This delay to the Part VII transfer will not affect LIC's ongoing ability to continue writing new EEA business. All inwards German Reinsurance businesses will have to be underwritten through LIC from 30 October 2020.



In the meantime, we would like to thank you and your teams again for your ongoing support for this Programme.

Changes to the Scheme Effective Date – impacts (1/2)

Overview



- Scheme Effective Date (“SED”) has been rescheduled from 29 October to 30 December 2020
- High Court Sanction Hearing is now scheduled to take place on 18 November 2020
- Some activities will be rephased to align with the new SED

Policyholder notifications



- Policyholder notifications are being updated to reflect new dates; notification window has been extended, therefore market participants may continue to receive BAU queries that have arisen as a result of the Part VII notification and the message and link on websites must remain until the new SED
- Lloyd’s Part VII website and all documents held on there are in the process of being updated
- The Legal Notice has been updated. Publication schedule has been updated and publication will recommence on 7 August 2020 and run through to 14 August 2020. The updated Notice was republished in the legal gazettes on 31 July 2020

Asset Transfer



- STFO asset processing on 23 December 2020 and Asset Transfer on 30 December 2020
- Transfer from Syndicates to LIC to Syndicates and Part VII Settlement Accounts liquidity loading concurrent with Asset Transfer on 30 December 2020

Changes to the Scheme Effective Date – impacts (2/2)



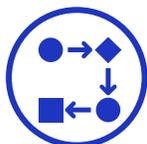
Hyperlink



DXC Code Implementation

- The DXC code will be deployed on the weekend of 19 / 20 December 2020
- The final Master List and the Open Claims List will be uploaded by DXC during the implementation weekend

DXC processing and STFO settlement



- DXC Part VII transaction triage commences on 21 December 2020 – immediately after the weekend deployment
- In scope transactions will be completed with new Part VII trust fund codes
- USMs / SCMs with new Part VII trust fund values will be sent to Managing Agents after end of day on 21 December 2020
- No Part VII monies will settle before 4 January 2021 – this will be enabled via four pseudo bank-holidays:
 - DXC / settlement pseudo-bank holiday on 24, 29, 30 and 31 December 2020
- Further details on the day-by day processing plan are on next slide

Onboarding



- Additional onboarding data loads will be required in October and November, further information is shown in the [data onboarding slide](#)
- The submission window for the final pre-SED Initial Load will close on Friday 11 December (data as at end November). This is a critical step in the Part VII go-live activities – this data will be used in production system and processes, including the LIC Book of Record and the DXC open claims bulk flagging process
- The post-SED Initial Load will be required by 15 January 2021 (data as at SED)

Changes to the Scheme Effective Date – Implementation

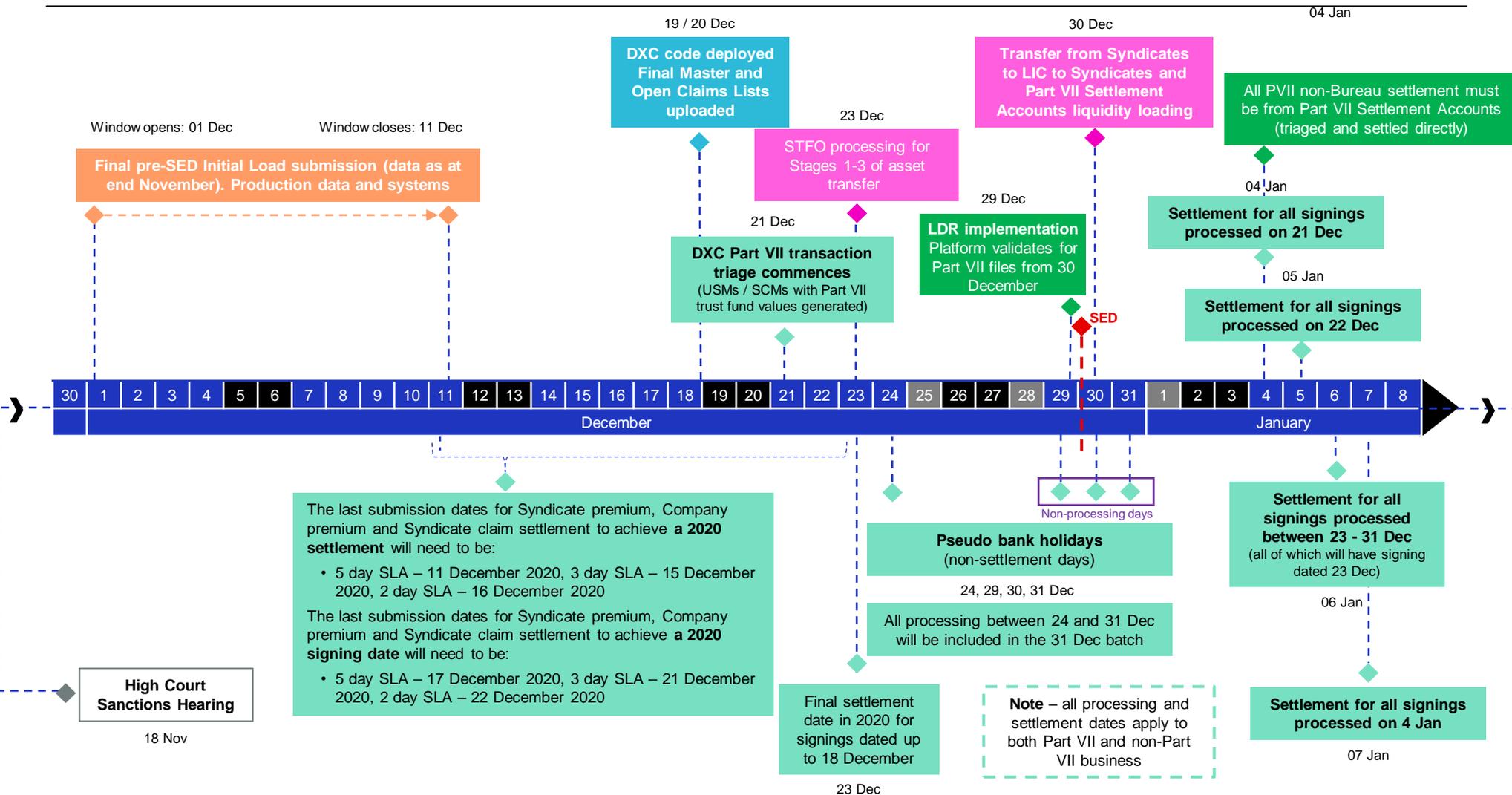


DXC Processing and STFO Settlement – day-by-day plan

- **No Part VII transactions will settle in 2020**
- The final settlement date in 2020 will be 23 December for signings dated up to 18 December
- The next settlement date will be 4 January 2021 for all signings processed on 21 December 2020
- Settlement on 5 January 2021 for all signings processed on 22 December 2020
- Settlement on 6 January 2021 for all signings processed between 23 and 31 December 2020 – all of which will have a signing date of 23 December 2020
- Settlement on 7 January 2021 for all signings processed on 4 January 2021 – BAU pattern resumed from this point
- The last submission dates for Syndicate premium, Company premium and Syndicate claim settlement to achieve **a 2020 settlement** will need to be:
 - 5 day SLA – 11 December 2020
 - 3 day SLA – 15 December 2020
 - 2 day SLA – 16 December 2020
- The last submission dates for Syndicate premium, Company premium and Syndicate claim settlement to achieve **a 2020 signing date** will need to be:
 - 5 day SLA – 17 December 2020
 - 3 day SLA – 21 December 2020
 - 2 day SLA – 22 December 2020
- Pseudo bank holidays (non-settlement days) being introduced - 24, 29, 30 and 31 December 2020
- Non processing days:
 - Lloyd's claims – 29 to 31 December 2020
 - Lloyd's premium – 29 to 31 December 2020
- Company market will mirror Lloyd's settlement and processing calendar
- For those signings due to settle on the pseudo bank holidays, the intent is to move the settlement date to 4 January 2021
- Delinked transactions will be set to LPSO to be settled in advance of the deployment weekend (19 and 20 December 2020) – the Part VII delinked process will then be followed

Part VII - Cutover Timeline

	MDC submissions
	DXC processing and Lloyd's STFO settlement
	DXC code deployment
	Asset Transfer Processing
	Non-bureau processing and settlement



Changes to MDD from v1.0 to v7.1 (Previous Versions)

Changes made to MDD (1/3)

Page #	PREVIOUS CONTENT - MDD v.1.0	NEW CONTENT - MDD v1.1	Rationale for change / update / addition
8	1. This document is intended for Managing Agents, Brokers and Coverholders / DCAs responsible for implementing the necessary changes to ensure that all non-life EEA risks (written from 1993 to 2020) can continue to be serviced post-Brexit.	1. This document is intended for Managing Agents, Brokers and Coverholders / DCAs responsible for implementing the necessary changes to ensure that all non-life in scope EEA risks (written from 1993 up to the end of March 2019 for Direct business and up to the end of October 2020 for Reinsurance business) can continue to be serviced post-Brexit. 2. Note - c.300 extensions were granted to Managing Agents, enabling such Managing Agents (through their Coverholders) to bind policies on behalf of the Members up to the relevant extension date granted by Lloyd's. All bar five of the extensions granted to Managing Agents expired on 28 March 2019 and the final extension of the five further extensions expired on 12 April 2019 – analysis underway for this small cohort of business	Wording change due to the change in period of scope; March 2019 for Direct Business, October 2020 for Reinsurance Business
11	n/a	Updated version of FAQs	Shared the latest version of FAQs
17	1. Policies underwritten at Lloyd's between 1993 and 2020 not already written into Lloyd's Europe; 2. Inwards reinsurance is in scope of the transfer where the legally recognised cedant is domiciled in Germany or Poland 3. Years of account from 2021 onwards;	1. Risks underwritten at Lloyd's between 1993 and the end of March 2019 for Direct business / the end of October 2020 for Reinsurance business not already written into Lloyd's Europe; 2. Inwards reinsurance is in scope of the transfer where the legally recognised cedant is domiciled in Germany 3. Risks underwritten after March 2019 for Direct business and after October 2020 for Reinsurance business; 4. Note - c.300 extensions were granted to Managing Agents, enabling such Managing Agents (through their Coverholders) to bind policies on behalf of the Members up to the relevant extension date granted by Lloyd's. All bar five of the extensions granted to Managing Agents expired on 28 March 2019 and the final extension of the five further extensions expired on 12 April 2019 – analysis underway for this small cohort of business	1. Wording change due to the change in period of scope; March 2019 for Direct Business, October 2020 for Reinsurance Business 2. Removed reference to Polish Reinsurance as now out of scope 3. Wording change due to the change in period of scope; March 2019 for Direct Business, October 2020 for Reinsurance Business
18	1. The Part VII Programme will support MAs/Syndicates by performing Part VII segmentation on notified policies and claims prior to the transfer date 2. The Bureau will centrally support certain triage activities and provide end-of-day reporting and updated USMs/SCMs to MAs/Syndicates for Part VII transactions	1. The Part VII Programme will support MAs/Syndicates by performing Part VII segmentation on notified risks prior to the transfer date 2. The Bureau will centrally support certain triage activities and provide end-of-day reporting as well as populating the existing Trust Fund code with the new values for Part VII transactions	1. Wording change required, "risks" rather than "policies and claims" used 2. Wording change to make clear that a specific "Part VII flag" is not added, that new values for Part VII transactions are added to existing Trust Fund code.

Changes made to MDD (2/3)

Page #	MDD v.1.0	MDD v1.1	Rationale
19	1. As outlined on pages 18-19, the Master List contains all policies and claims written from 01/01/1993 (across all placement methods) based on data provided to the Part VII Programme by MAs / Syndicates	<p>1. As outlined on pages 21-22, the Master List will contain all risks written from 01/01/1993 (across all placement methods) based on data provided to the Part VII Programme by MAs / Syndicates</p> <p>2. There is an open design question relating to the Master List, see "DXC Design Update" on slide 80 for additional information</p>	<p>1. Wording change required, "risks" rather than "policies and claims" used</p> <p>2. Added reference to open design question relating to the Master List</p>
21		Added: Note - There is an open design question relating to simplification of the Master List, see "DXC Design Update" on slide 80 for more information	Added reference to open design question relating to the Master List
22	<p>1. Lead Syndicates are responsible for further segregating their local Master List to provide relevant data to their Coverholders and DCAs relating to the contracts they are servicing. This is to ensure that Coverholders and DCAs can perform lookup and triage activities and service policies.</p> <p>2. After the segregated Master Lists are distributed, each Syndicate is responsible for maintenance / update of their Master Lists to accommodate the following scenarios:</p>	<p>1. Lead Syndicates may segregate their local Master List to provide relevant data to their Coverholders and DCAs relating to the contracts they are servicing. This is to ensure that Coverholders and DCAs can perform lookup and triage activities and service policies in line with Lloyd's Europe requirements. The Master List can be used to support this, however, this process is to be agreed between MAs and Coverholders/DCAs and is not prescribed by LB.</p> <p>2. After the segregated Master Lists are distributed, each Syndicate may wish to update their versions of the Master List, if these are used for MA or Coverholder / DCA operational processes (not mandated by LB), to accommodate the following scenarios:</p> <p>3. There is an open design question relating to the change to OSND led approach (outlined on "DXC Design Update" on slide 80) which is expected to reduce the volume of maintenance activity required, detailed process mapping underway</p>	<p>1. Wording update to be less prescriptive regarding local use of Master List</p> <p>2. Wording update to be less prescriptive regarding local use of Master List</p> <p>3. Included reference to the open design question relating to the change to OSND led approach</p>
27	1. This could be done either at individual signing level, i.e. identify the specific exposure within a mixed policy with a European FIL code, or at a higher aggregated / reporting layer level This is to ensure that the Part VII book of business is administered in-line with Lloyd's Europe Part VII guidelines	1. This should be done at individual signing level	Wording update as Identification of Part VII policies and open claims as Part VII should be done at individual signing level

Changes made to MDD (3/3)

Page #	MDD v.1.0	MDD v1.1	Rationale
28	1. For mixed Part VII UMRs, the MA should identify these as mixed and identify the specific portion of the mixed UMR that is transferring (i.e. moves from Direct to Reinsurance) in order to meet internal and external reporting requirements This could be done either at individual signing level, i.e. identify the specific exposure within a mixed policy with a European FIL code, or at a higher aggregated / reporting layer level	1. For mixed Part VII UMRs, the MA should identify the specific transferring signings During the Part VII claims or premium triage process, the Bureau will assess all transaction notified for mixed policies to establish which include an EEA exposure and therefore transfer under Part VII 2. There is an open design question relating to DXC triage, refer to "DXC Design Update" on page 80 for additional information	1. Wording update as Identification of Part VII risks should be done at individual signing level 2. Included reference to the open design question relating to the change to OSND led approach
31	A set of new Trust Fund Codes will be created by the Bureau to be used exclusively for Part VII premium and claims. These codes will be used to advise Syndicates and STFO that a claim is within scope of the Part VII transfer and this will be shown on the USMs and SCMs that are sent to Syndicates	Wording removed and replaced with the open design question: There is an open design question relating to whether a movement is required, see DXC Update Slide (page 80)	Added open design question relating to whether a movement is required
33	The Bureau may receive requests from Syndicates to change the Part VII indicator. In such a circumstance, the Bureau will manually correct the Trust Fund indicator field	The Bureau may receive requests from Syndicates to change the Part VII indicator. In such a circumstance, the Bureau will manually correct the Trust Fund indicator field (the correction is done via using normal BAU procedures including cancel and replace)	Updated wording to include clarification of correction processing following BAU procedures
42	1. The inclusion of annuity claim information is subject to the volume and materiality of transferring claims of this nature. An assessment is being undertaken by the Part VII Programme team, the outcome of which will inform this decision. 2. A further update on the Data Model will be provided in Jan 2020	1. Removed 2. The baselined Data Model was shared 31.01.20, please refer to the Appendix for summary/ overview and Excel document for Data Model	1. Removed Open Design Question and associated mark-up relating to annuity claim information. Agreed would keep fields in data model, with some conditional on an annuity claim flag and the remainder 'supply where available' 2. Updated wording as baselined data model was shared
43+44		New Slides - Part VII Data Model	Included a new slide - Overview of the Part VII Data Model
46		New Slide - Data Consumption / Data Quality (DC/DQ) Tool an overview of key capabilities expected from the tool	Included a new slide - Data Consumption / Data Quality (DC/DQ) Tool an overview of key capabilities expected from the tool
47		Replacement slide - view as to how the required data fields are to be submitted for initial load	Updated slide
48		Replacement slide - Updated view as to how the required data fields are to be submitted for monthly submissions	Updated slide
56		Included - Managing Agents will be able to establish access rights/ authority levels for specific named resources. Part VII Settlement Accounts will be loaded onto existing Citi Bank banking portals and access rights can be provisioned accordingly	New content / clarification
57		Included - For non-Bureau transactions/ settlements Citi Bank's currency conversion service will be used for any non EUR, GBP, USD & CAD transactions	New content / clarification

Changes made to MDD (1/6)

Page #	PREVIOUS CONTENT - MDD v.1.1	NEW CONTENT - MDD v2.0	Rationale for change / update / addition
14	<ul style="list-style-type: none"> This document is intended for Managing Agents, Brokers and Coverholders / DCAs responsible for implementing the necessary changes to ensure that all non-life in scope EEA risks (written from 1993 up to the end of March 2019* for Direct business and up to the end of October 2020 for Reinsurance business) can continue to be serviced post-Brexit. 	<ul style="list-style-type: none"> This document is intended for Managing Agents, Brokers and Coverholders / DCAs responsible for implementing the necessary changes to ensure that all in-scope EEA risks (written from 1993 up to 12th April 2019* for Direct business and up to the end of October 2020 for Reinsurance business) can continue to be serviced post-Brexit. 	Revised to be in line with Scheme document
16	<ul style="list-style-type: none"> Lloyd's is therefore planning for all non-life EEA business written from 1993 to 2020 to be transferred to Lloyd's Europe under a Part VII transfer, scheduled for end of October 2020. 	<ul style="list-style-type: none"> Lloyd's is therefore planning for all in-scope EEA risks (written from 1993 up to 12th April 2019* for Direct business and up to the end of October 2020 for Reinsurance business) to be transferred to Lloyd's Europe under a Part VII transfer, scheduled for end of October 2020. 	Revised to be in line with Scheme document
18	<ul style="list-style-type: none"> The Appendix lists areas to be addressed in the next iterations of the Market Design Document, and High-level Operational Framework 	<p><u>Introduced the new "Sanctions" and "Reporting" sections in the document</u></p> <ul style="list-style-type: none"> Section 6 covers the Part VII sanctions update Section 7 covers the impact assessment carried out on the current Lloyd's reporting requirements Section 8 covers the Part VII Delivery Schedule, Onboarding and MAT, including next steps for MAs The Appendix lists areas to be addressed in the next iterations of the MDD, Changes to MDD from v1.0 to 1.1., process maps, reporting and glossary 	As part of Version 2.0, new sections were added to the document, and the page was updated to reflect this change.
20	N/A	<ul style="list-style-type: none"> Added new symbol to identify items which are currently undergoing market consultation or where market feedback is underway 	Clearly highlight items undergoing consultation

Changes made to MDD (2/6)

Page #	PREVIOUS CONTENT - MDD v.1.1	NEW CONTENT - MDD v2.0	Rationale for change / update / addition
23	N/A	<p><u>Added new countries to excluded business:</u></p> <ul style="list-style-type: none"> Any risk which would otherwise have been included within the Transfer but which is subject to the requirements of a local regulatory licence or other insurance approval granted to Lloyd's in the following jurisdictions: Australia, Canada, Hong Kong, Singapore, South Africa and/or Switzerland; 	Revised to be in line with Scheme document
25	In instances where the Policyholder Domicile is unknown or non-EEA and the risk location is unknown, the risk location should be established either via the existing FIL code, or by using existing market guidance and tools in order to determine if the premium or claim is Part VII	In instances where the Insured Domicile is non-EEA or unknown and the Risk Location is unknown, the FIL Code will be used to determine the transferring status wherever possible	Clarified the use of FIL code to establish transferring status
27	N/A	Master List Data Lineage	New slide added to provide a detailed view of the Part VII Initial Load Data Lineage
28	N/A	Master List – Creation Rules	Replacement slide describing the Master List creation rules in line with updates provided in OWG and COO AG sessions
29	N/A	New section added: Master List Internal Part VII Identification	Content expanded in response to Market feedback
31	N/A	Replaced slide	Expanded and updated content in line OWG and COO AG updates

Changes made to MDD (3/6)

Page #	PREVIOUS CONTENT - MDD v.1.1	NEW CONTENT - MDD v2.0	Rationale for change / update / addition
32	N/A	Replaced slide	Expanded and updated content in line OWG and COO AG updates
33	N/A	Replaced slide	Expanded and updated content in line OWG and COO AG updates
35	<p>Mixed</p> <ul style="list-style-type: none"> If the local Master List provided to the Coverholder contains individual declarations, utilise the Master List to perform look-up for any transactions to determine their Part VII status (i.e. establish the transferring / not transferring status of the relevant declaration where this is available) If declaration-level data is not contained within the local Master List or if the indication is 'mixed' or unknown', utilise the Segmentation Logic Indicate relevant transactions relating to this Binding Authority as 'Part VII' on their bordereaux on an individual line by line basis OR split the bordereaux submissions into one submission for Part VII and one submission for non-Part VII (to be agreed by the MA) 	<p>Mixed or Unknown</p> <ul style="list-style-type: none"> Mark this Binding Authority as Part VII Mixed or Unknown in their internal systems to ensure that: <ul style="list-style-type: none"> The Segmentation Logic will be applied to determine the transferring status of each transaction, and the subsequent submission of one Part VII bordereau and one non-Part VII bordereau per reporting period Part VII transactions will be administered in line with Lloyd's Europe Part VII guidelines 	<p>Removed reference to declarations within the Master List – this will not be required</p> <p>Updated content to clarify pre-transfer CH/DCA actions</p>

Changes made to MDD (4/6)

Page #	PREVIOUS CONTENT - MDD v.1.1	NEW CONTENT - MDD v2.0	Rationale for change / update / addition
37	<ul style="list-style-type: none"> The US / Canadian Trust Fund Code field will be used by the Bureau to advise the market of Part VII premiums and claims in the USM and SCM messages There is an open design question relating to whether a movement is required, see DXC Update Slide (page 80) 	<ul style="list-style-type: none"> The Bureau in the period immediately before the transfer, will execute an internal “behind the scenes” bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies - noting that there are no Part VII update messages being sent to MAs at this stage The Part VII status will be appended via the trust fund code via USMs/SCMs at the next transaction movement (regardless of type of movement, incl. where movement is due to quarterly exchange rate update) 	Slide updated to reference DXC design approach for bulk tagging and movement approach
39	N/A	N/A	Moved Canadian Regulated code to NA – as this business will be excluded from the transfer
61	N/A	Replaced slide	Slide updated to reflect that under the previous version of the MDD LB was mandating use of CCS. Based on feedback from the market and DXC this is being relaxed. LB will (in most instances) mirror the syndicate’s existing bank account setup

Changes made to MDD (5/6)

Page #	PREVIOUS CONTENT - MDD v.1.1	NEW CONTENT - MDD v2.0	Rationale for change / update / addition
62	For non-Bureau transactions/ settlements Citi Bank's currency conversion service will be used for any non EUR, GBP, USD & CAD transactions	Bullet removed	Point removed in line with above approach to current currency settlement accounts
67	N/A	New slide: Proposed rules to select correct syndicate accounts to fund Part VII settlement account top-up based on Year of Account	Slide added in line with OWG content
68	N/A	New slide: Explaining the Cash Call Process Proposed solution presented for Part VII settlement account Cash Call process	Slide added in line with OWG content

Changes made to MDD (6/6)

Page #	PREVIOUS CONTENT - MDD v.1.1	NEW CONTENT - MDD v2.0	Rationale for change / update / addition
77	N/A	New slide: Lloyd's Europe sanctions screening process for Part VII business	Slide added in line with OWG content
79	N/A	New slide: Slide explaining the Part VII impact assessment carried out on the current Lloyd's reporting requirements	Slide added in line with OWG content
93	N/A	New slide: End-to-end process detailing non-Bureau Premium processing	Content detailing the end-to-end process for non-Bureau Premium processing

Changes made to MDD (1/12)

Slide Title	PREVIOUS CONTENT - MDD v.2.0	NEW CONTENT - MDD v3.0	Rationale for change / update / addition
Lloyd's Part VII – Background	n/a scheduled for end of October 2020	Replacement slide scheduled for 29th October 2020	Replacement slide for formatting purposes Update to specify scheduled transfer date
Lloyd's Part VII - Solution Overview	n/a Lloyd's Insurance Company S.A. – Lloyd's Europe will be the insurer for the Part VII book of business after the transfer date.	Replacement slide Lloyd's Insurance Company S.A. – Lloyd's Europe will be the insurer for the Part VII book of business after the transfer date. Insurance business originally written by or reinsured to close into a syndicate will, following its transfer to Lloyd's Insurance Company S.A. under the Part VII scheme, be reinsured back to that syndicate by way reinsurance agreements between Lloyd's Insurance Company S.A. and that syndicate	Replacement slide for formatting purposes Updated content to specify the insurance arrangement
	Managing Agents will administer the policies and claims related to the Part VII book of business as outsourced service providers of Lloyd's Insurance Company - Lloyd's Europe.	Managing Agents will act in relation to the Part VII book of business as outsourced service providers of Lloyd's Europe	Minor wording update
Scope of the Part VII Transfer	Risks underwritten at Lloyd's between 1993 and 12th April 2019* for Direct business / the end of October 2020 for Reinsurance business not already written into Lloyd's Europe; Risks underwritten after 12th April 2019 for Direct business and after October 2020 for Reinsurance business;	EEA risks incepted at Lloyd's between 1993 and 12th April 2019* for Direct business / the end of October 2020 for Inwards German Reinsurance business not already written into Lloyd's Insurance Company S.A. - Lloyd's Europe; Risks incepted after 12th April 2019 for Direct business and after October 2020 for Reinsurance business;	To reflect that risk inception date rather than underwritten date is applied, reference to Inwards German Reinsurance and specifying EEA Risks
Principles for Identifying Part VII Business	utilise the Part VII Segmentation Logic	utilise the Part VII Triage Rules	Amendment to reference Part VII Triage Rules
Master List Data Lineage	How are Managing Agents expected to identify Part VII claims at the point of initial load before the Master List is operational?	How are Managing Agents expected to identify Part VII open claims at the point of initial load before the Master List is operational?	Specifying open claims will be identified

Changes made to MDD (2/12)

Slide Title	PREVIOUS CONTENT - MDD v.2.0	NEW CONTENT - MDD v3.0	Rationale for change / update / addition
Key Elements to Part VII Segmentation	Title: Three Key Elements to Segmentation	Key Elements to Segmentation	Reflects the removal of "Establishing Risk Location" section
	There are three key elements to the Part VII Segmentation Process:	There are key elements to the Part VII Segmentation Process:	
	In instances where the Insured Domicile is non-EEA or unknown and the Risk Location is unknown, the FIL Code will be used to determine the transferring status wherever possible	Content deleted	
	The Segmentation Logic follows the Part VII Transfer Court documentation and applies two key concepts to define whether business is included within the transfer: 1) Policyholder Domicile and 2) Risk Location	The Segmentation Logic follows the Part VII Transfer Court documentation and applies two key concepts to define whether business is included within the transfer: (i) relates to EEA Risk (applying FIL code where required); or (ii) has been issued to or is held by an EEA Policyholder	Reflects the terminology in the scheme document for the Segmentation Logic
Master List Data Lineage	n/a	<p><u>IQN</u></p> <p>The data refresh activity took place in April 2019 with Managing Agents submitting data by 01.05.2020. The purpose of the data refresh activity was to identify a more accurate transferring status for the Court Process and to support Actuarial Valuation process</p> <p><u>Post Scheme effective date</u></p> <p>Post Scheme effective date – The Master List will not be maintained after the Scheme Effective date.</p> <p>Newly identified policies should be (very) minimal, as the Part VII Programme has sourced the input data that has been sent to all MAs for the data refresh from the Bureau data.</p> <p>Any transactions that come into the Bureau after the scheme effective date which are not on the Master List will form a 5th transferring category – “Newly Identified” – the triage approach for these transactions is subject to a design review</p>	Content added
Segmentation Logic & Triage Rules	n/a	New slides - detailed Segmentation Logic, Master List and Triage Rules (Bureau and Non-Bureau)	Added for the detailed Segmentation Logic & Triage Rules

Changes made to MDD (3/12)

Slide Title	PREVIOUS CONTENT - MDD v.2.0	NEW CONTENT - MDD v3.0	Rationale for change / update / addition
Master List – Creation Rules	Views of the Master List are created for each MA for all contracts for which they are the Lead	Views of the Master List are created for each MA for all contracts for which they are the Lead and Follow	Updated to include Follow version of the Master List
Master List – Distribution and Internal Identification	n/a	Views of the Master List will be created for each Broker and provided prior to the Scheme Effective Date	Updated to include Follow version of the Master List
Managing Agent Master List Requirements	n/a	New slide - Managing Agent Master List Requirements	New slide
Actions for identifying Part VII Business (1/5)	Coverholders / DCAs need to know the transferring status of all binders / bulking lineslips and the underlying declarations to enable these to be serviced in line with Lloyd's Europe guidelines	Coverholders / DCAs need to know the transferring status of all binders to enable these to be serviced in line with the Part VII transfer and Lloyd's Europe guidelines.	Updated content to reflect how Coverholders/DCAs identify Part VII transactions in their System of Record
	For mixed and unknown binders, Coverholders and DCAs will need to perform triage for transactions on these binders	Managing Agents will provide each Coverholder / DCAs with a summary of Master List data showing the transferring status for their portfolio (binders that are transferring, not transferring, mixed or unknown).	
		For binders with "Transferring" status: Mark this Binding Authority as Part VII transferring in internal systems to ensure this will be administered in line with Lloyd's Europe Part VII guidelines	
		For binders with "Not transferring" status: No action required – administer as per BAU	
		For binders with "Mixed" or "Unknown" status: Mark this Binding Authority as Part VII Mixed or Unknown in internal systems	
	n/a	For policies with "Unknown" status, identify as Unknown within internal systems	Added content to specify how MAs treat Unknown binders pre-transfer
	n/a	Pre-transfer banner	Addition of a banner to indicate actions are pre-transfer

Changes made to MDD (4/12)

Slide Title	PREVIOUS CONTENT - MDD v.2.0	NEW CONTENT - MDD v3.0	Rationale for change / update / addition
Actions for identifying Part VII Business (2/5)	n/a	Pre-transfer banner	Addition of a banner to indicate actions are pre-transfer
	The Bureau in the period immediately before the transfer, will execute an internal “behind the scenes” bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies - noting that there are no Part VII update messages being sent to MAs at this stage	The Bureau in the period immediately before the transfer, will execute an internal “behind the scenes” bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies using the Initial Load open claims data provided by Managing Agents - noting that there are no Part VII update messages being sent to MAs at this stage	Addition of reference to the use of Initial Load open claims data for bulk tagging by the Bureau
Actions for identifying Part VII Business (3/5)	n/a	Post-transfer banner	Addition of a banner to indicate actions are post-transfer
	<ul style="list-style-type: none"> •MAs / Syndicates will consume the USMs/SCMS (including the Part VII indicator) and reports from the Bureau, which will support the creation of monthly data submissions to Lloyd’s Europe •The Bureau will send USMs/SCMs (including the Part VII indicator) and an end-of-day report including these transactions to Syndicates 	<ul style="list-style-type: none"> •MAs / Syndicates will consume the USMs/SCMS (including the Part VII indicator) and daily reports of transferring premium and claims from the Bureau, which will support the creation of monthly data submissions to Lloyd’s Europe •The Bureau will send USMs/SCMs (including the Part VII indicator) and a daily report of transferring premium and claims including these transactions to Syndicates 	Addition of a daily report of transferring premium and claims
	Brokers will also identify the transferring status of a binder using the Master List and if the binder is mixed, split the bordereaux IF the Coverholder/DCA has not undertaken this activity and the information to do this is contained within the bordereaux	Brokers will identify the transferring status of a binder using the Master List Broker should agree with CH/DCAs who will split bordereaux and follow the required naming convention	Updated wording to clearly define the actions required for Brokers for bureau processing post-transfer

Changes made to MDD (5/12)

Slide Title	PREVIOUS CONTENT - MDD v.2.0	NEW CONTENT - MDD v3.0	Rationale for change / update / addition
Actions for identifying Part VII Business (3/5)	<p>Coverholders / DCAs must identify transactions relating to Part VII transferring policies utilising the Master List and/or Segmentation Logic</p> <p>Coverholders/DCAs should agree with brokers who will split bordereaux and follow the required naming convention (depending on who triages and splits the bordereau) an appropriate mechanism for identifying bordereaux as Part VII and non-Part VII (e.g. naming convention guidance in the file preface or name)</p>	<p>Coverholders / DCAs must identify Part VII transactions</p> <p>For binders with “Transferring” status: Administer in line with Lloyd’s Europe Part VII guidelines</p> <p>For binders with “Not transferring” status: No action required – administer as per BAU</p> <p>For binders with “Mixed” or “Unknown” status: Apply the Triage Rules to determine the transferring status of each individual declaration-level policy transaction, and the subsequent submission of one Part VII bordereau and one non-Part VII bordereau per reporting period</p> <p>Coverholders/DCAs should agree with brokers who will split bordereaux and follow the required naming convention</p> <p>Part VII transactions will be administered in line with Lloyd’s Europe Part VII guidelines</p>	<p>Updated wording to clearly define the actions required for Coverholders / DCAs for bureau processing post-transfer</p>
	<p>The Bureau will perform Part VII triage for new (open market) claims and all (open market) premium transactions to determine whether a transaction relates to a Part VII transferring risk</p> <p>If a transaction relates to a Part VII transferring risk, the Bureau will indicate this via the Part VII indicator in the US / Canadian Trust Fund Code field</p> <p>The Bureau will send USMs/SCMs (including the Part VII indicator) and an end-of-day report including these transactions to Syndicates</p>	<p>The Bureau will triage transactions on mixed or unknown signings and any transactions or signings not on the Master List to determine whether they are EEA</p> <p>If a transaction relates to a Part VII transferring risk, the Bureau will indicate this via the Part VII indicator in the US / Canadian Trust Fund Code field</p> <p>The Bureau will send USMs/SCMs (including the Part VII indicator) and a daily report of transferring premium and claims report including these transactions to Syndicates</p>	<p>Updated wording to clearly define the actions required for the Bureau for bureau processing post-transfer</p>
Actions for identifying Part VII Business (4/5)	n/a	Post-transfer banner	<p>Addition of a banner to indicate actions are post-transfer</p>

Changes made to MDD (6/12)

Slide Title	PREVIOUS CONTENT - MDD v.2.0	NEW CONTENT - MDD v3.0	Rationale for change / update / addition
Actions for identifying Part VII Business (4/5)	Coverholders / DCAs must identify transactions relating to Part VII transferring policies utilising the Master List and/or Segmentation Logic Coverholders and DCAs must identify these transactions as 'Part VII' in their premium and claims bordereaux	Coverholders / DCAs must identify transactions relating to Part VII transferring policies utilising the Master List For binders with "Transferring" status: Administer in line with Lloyd's Europe Part VII guidelines For binders with "Not transferring" status: No action required – administer as per BAU For binders with "Mixed" or "Unknown" status: Apply the Triage Rules to determine the transferring status of each transaction, and the subsequent submission of one Part VII bordereau and one non-Part VII bordereau per reporting period Coverholders/DCAs should agree with brokers who will split bordereaux and follow the required naming convention Part VII transactions will be administered in line with Lloyd's Europe Part VII guidelines	Updated wording to clearly define the actions required for Coverholder/DCAs for non-bureau processing post-transfer
Identification of Part VII Live Policies (1/2)	Identification of Part VII Live Policies (1/2) - Pre Transfer for MAs slide	Slide deleted	Content was duplicative and was consolidated in Actions for identifying Part VII Business
Identification of Part VII Live Policies (2/2)	Identification of Part VII Live Policies (2/2) - Pre Transfer for CH/DCAs slide	Slide deleted	Content was duplicative and was consolidated in Actions for identifying Part VII Business
Bulked Delegated Authority Processes	n/a	New slide - placeholder for bulked DA processes	Provides an update on the development of the bulked DA processes to date
Delinked / Deferred / Corrections Overview	n/a	New slide - providing overview of the Delinked / Deferred / Corrections approach	Providing overview of the Delinked / Deferred / Corrections approach

Changes made to MDD (7/12)

Slide Title	PREVIOUS CONTENT - MDD v.2.0	NEW CONTENT - MDD v3.0	Rationale for change / update / addition
Bureau Market Support - Post Trasfer Bureau Business	For transactions processed via the Bureau, the Bureau will indicate Part VII status within each relevant message	For transactions processed via the Bureau, a Part VII indicator in the form of new Part VII Trust Fund codes will be added by the Bureau to each transaction	Updated content for the processing of Bureau business post-transfer, including the use of the indicator and open claims
	The Part VII status indicator will be as a result of the Part VII Triage Process	The addition of the Part VII indicator will be as a result of Bureau straight through processing or the bureau Part VII Triage Process, dependant on transferring status	
	The Part VII status will be: Used to provide instructions to STFO to enable payments to be processed into / out of the correct Part VII accounts; Used to enable Bureau end-of-day reporting to market participants Included within the USMs and SCMs provided to all market participants as per current BAU processes	The Part VII Trust Fund Codes will be the sole indicator that a premium or claim transaction is Part VII transferred The EEA Trust Fund Codes will sometimes be for currencies and territories other than USA or Canada The Trust Fund on claims will change at the next movement after the go-live date and this may have an outstanding amount with the EEA Trust Code where the previous movement had an outstanding with an existing Trust fund code	
	The US and Canadian Trust Fund Code field will be utilised, with additional allowable (Part VII specific) attributes added to this field n/a	The existing US/Canadian Trust fund code field will be unchanged in structure but re-purposed to include codes specifically for Part VII Open Part VII claims will be updated in time for the Part VII transfer to include the Part VII indicator	
Bulk Tagging of Part VII Claims by Bureau - Pre-transfer	In the period immediately before the transfer, the Bureau will execute a bulk claim update to add Part VII indicators to their system of record and SCM messages. STFO	In the period immediately before the transfer, the Bureau will execute a bulk claim update to add Part VII indicators to their system of record and SCM messages, carried out at COR level. Content deleted	Specifying that the exercise will be carried out at COR level
	STFO will process all transactions as per BAU ahead of the transfer date, despite the addition of the Part VII indicator values within the US / Canadian Trust Fund Code field		Content no longer relevant due to the "behind the scenes" update approach
Non Bureau Administration	Segmentation Logic	Triage Rules	Amendment of wording from Segmentation Logic to Triage Rules
	MAs / Syndicates (and/or Coverholders/DCAs) are responsible for executing Part VII triage process for non-bureau premium and claim transactions	MAs / Syndicates (and/or Coverholders/DCAs) are responsible for executing the Master List look-up and Part VII triage process for non-bureau premium and claim transactions	Addition of the Master List look-up

Changes made to MDD (8/12)

Slide Title	PREVIOUS CONTENT - MDD v.2.0	NEW CONTENT - MDD v3.0	Rationale for change / update / addition
Actions for Data Submissions (1/3)	Prior to the transfer date, the Bureau will carry out a claims bulk update based on the onboarding initial load view of transferring claims	The Bureau in the period immediately before the transfer, will execute an internal “behind the scenes” bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies - noting that there are no Part VII update messages being sent to MAs at this stage	Updated wording to reflect Transferring status of actions on Master List
Actions for Data Submissions (2/3)	Bureau Premium	Bureau Premium (Transferring status on Master List)	Updated wording to reflect Transferring status of actions on Master List
	Bureau Claims	Bureau Claims (Transferring status on Master List)	Updated wording to reflect Transferring status of actions on Master List
	Treatment of unknown, mixed, and new claims / premiums / transactions	Treatment of unknown, mixed, and newly identified signings on Master List	Updated wording to reflect identified signings on Master List
	For policies on the Master List, The Bureau will add a Part VII indicator in USMs and the end-of-day reports used by the syndicates For risks not on the Master List, the Bureau will review the documentation (and query with the Broker, if required) and manually input the Part VII indicator	The Bureau will add a Part VII indicator in USMs and the end-of-day reports used by the syndicates	Removal of risks not on the Master List
	For risks on the Master List, The Bureau will add a Part VII indicator in USMs/SCMs and the end-of-day reports used by the syndicates For risks not on the Master List, the Bureau will review the documentation (and query with the Broker, if required) and manually input the Part VII indicator in CLASS	The Bureau will add a Part VII indicator in USMs/SCMs and the end-of-day reports used by the syndicates	Removal of risks not on the Master List
For ‘unknown’, ‘mixed’ and ‘new’ scenarios, the Bureau will manually triage the claim/ premium transaction based on information available and for ‘mixed’ scenario, the Bureau will assess the transaction based on information submitted by the broker	For ‘unknown’ and ‘mixed’ scenarios, the Bureau will manually triage the claim/ premium transaction based on information available and may need to raise questions with the Broker	Removal of the Bureau assessing the transaction based on information submitted by the broker	
Actions for Data Submissions (3/3)	MA / Syndicates need to perform Part VII look-up and triage process using the Segmentation Logic	MA / Syndicates need to perform Part VII look-up using the Master List and triage process using the triage rules for Mixed / Unknown and newly identified signings on the Master List	Removal of reference to the Segmentation Logic and addition of triage process for Mixed / Unknown and newly identified signings on the Master List
Part VII Data Submissions	Data quality checks will be carried out by the data quality application at the point of submission	Data quality checks will be carried out by the Market Data Collections (MDC) at the point of submission	Update to reflect MDC as the DC/DQ tool used

Changes made to MDD (9/12)

Slide Title	PREVIOUS CONTENT - MDD v.2.0	NEW CONTENT - MDD v3.0	Rationale for change / update / addition
Summary of Data Requirements - Premium	The scope of the Premium data submissions will include the following: Premium data in relation to all live, transferring policies (per Part VII Segmentation Logic) Premium data in relation to expired policies with an open, transferring claim (per Part VII Segmentation Logic) Bureau, Lloyd's Direct Reporting and Non-XIS All methods of placement including Open Market, Binder, Consortia and Lineslip Direct insurance and Inward reinsurance (Cedant domiciled in Germany per page 23)	The scope of the Premium data submissions will include the following: All active, transferring policies as well as expired policies with an open claim A policy is defined as active if it has not expired or has outstanding premium yet to be collected (see Part VII Operational Data Model Detailed Guidance v1.0 for further details on each Method of Placement) Bureau, Lloyd's Direct Reporting and Non-XIS processed policies All direct insurance Inward re-insurance (Cedant domiciled in Germany per the Scope of the Part VII Transfer slide in Section 1) - this includes all Treaty & Facultative, Proportional & Non-Proportional forms of RI	Reference to active policy made and reference to Detailed Guidance doc
Summary of Data Requirements - Claim	The scope of the Claims data submissions will include the following: Claims data in relation to all open, transferring claims (per Part VII Segmentation Logic) Bureau, Lloyd's Direct Reporting and Non-XIS All methods of placement including Open Market, Binder, Consortia and Lineslip Direct insurance and Inward reinsurance (Cedant domiciled in Germany as per page 23)	The scope of the Claims data submissions will include the following: All open, transferring claims Claims are deemed to be open where their status is marked as 'Open' and/or have an outstanding indemnity/fee value of higher than zero (see Part VII Operational Data Model Detailed Guidance v1.0 for further details on each Method of Placement) Bureau, Lloyd's Direct Reporting and Non-XIS processed claims All direct insurance Inward re-insurance (Cedant domiciled in Germany per the Scope of the Part VII Transfer slide in Section 1) - this includes all Treaty & Facultative, Proportional & Non-Proportional forms of RI	Reference to active policy made and reference to Detailed Guidance doc
Part VII Data Model - Overview of structure and content	n/a	Note that the latest version of the Data Model is v4.7 which will be used as the basis of the June onboarding submission (see slide 54 for more information on Data Onboarding)	Added reference to Data Model v4.7
Overview of Data Submission Files - Initial Load & Monthly Load	updates will be provided in upcoming market forums n/a	updates will continue to be provided in upcoming market forums Updates to number of fields	Updated wording for updates to continue to be provided in market forums Updated number of fields to the Data Model

Changes made to MDD (10/12)

Slide Title	PREVIOUS CONTENT - MDD v.2.0	NEW CONTENT - MDD v3.0	Rationale for change / update / addition
Data Consumption / Data Quality (DC/DQ) Tool	<p>Title: Data Consumption / Data Quality (DC/DQ) Tool</p> <ul style="list-style-type: none"> •A single platform will be provided for the Syndicates to submit all types of Part VII data submissions. Lloyd's Europe is currently going through a vendor selection process for this platform •Data quality checks will take place at the point of upload of each submission •The submission / data will only be accepted if the defined data quality standards are met •Lloyd's Europe will conduct a further set of validations on the submitted data •These validations on submitted data may require Lloyd's Europe to raise queries to MAs / Syndicates for resolution. The mechanism for this process will be communicated to the Market once the platform has been selected 	<p>Title: Data Quality Checks on Submissions</p> <ul style="list-style-type: none"> •Market Data Collections (MDC) configured for Part VII data submissions and with new capabilities, will be utilised as the Data Consumption and Data Quality Tool for Managing Agents to submit all types of Part VII data submissions •Data quality checks will take place at the point of upload for each submission, followed by business validations, which result in errors and warnings to be resolved by the MA, prior to official submission to Lloyd's Europe •Each data submission will only be accepted if the pre-defined data quality standards are met (i.e. errors are resolved) and all warnings have been reviewed and been responded to •Lloyd's Europe will conduct a further set of validations on the submitted data to check for data consistency between submissions / Managing Agents where applicable •The further set of validations performed outside of the DC/DQ tool may prompt Lloyd's Europe to raise queries to Managing Agents for resolution 	Updated to include vendor being MDC and small updates to the wording
Full Market Data Onboarding	n/a	Replacement slide	Refreshed full slide to show both initial and monthly loads required for onboarding + dates added to data activities in the timeline
Part VII Operational Data Model - Data Onboarding Timeline	n/a	New slide	New slide to reflect the timeline for onboarding of the Data Model
Data Quality checks within the DC/DQ tool	n/a	New slide	New slide to reflect the checks carried out for the DC/DQ tool

Changes made to MDD (11/12)

Slide Title	PREVIOUS CONTENT - MDD v.2.0	NEW CONTENT - MDD v3.0	Rationale for change / update / addition
Part VII Settlement Bank Accounts Summary	N/A	Replacement slide - update on the use of CCS	Used for the COO AG to provide an update regarding CCS (not mandated by the Part VII Programme)
Part VII Settlement Bank Accounts Summary - Non Bureau Cashflow	<ul style="list-style-type: none"> •MAs / Syndicates will be added as named administrators on their respective Part VII Settlement Accounts and will have the required authorisation to make payments on Lloyd's Europe behalf 	<ul style="list-style-type: none"> •MAs / Syndicates will be given access to their respective Part VII Settlement Accounts via their existing banking platforms and will have the required authorisation to make payments on Lloyd's Europe behalf 	Updated wording to reflect the use of their existing banking platforms
Bank Reconciliation	N/A	New Slide	Slide to update on bank reconciliation between Part VII bank account and the monthly ESA
Set of rules to select appropriate syndicate bank accounts for top-up	<p>Under market consultation sticker</p> <p>1.For all syndicates transferring business that do not have a syndicate YoA set out to 9999, default the YoA to the last available YoA</p>	<p>Removal of under market consultation</p> <p>3.For all syndicates transferring business that do not have a syndicate end year set to 9999, default the YoA to the last available YoA</p>	<p>Item taken through market consultation, feedback addressed and finalised</p> <p>Update to wording</p>
Cash Call Process - Part VII Model	Under market consultation sticker	Removal of under market consultation	Item taken through market consultation, feedback addressed and finalised
Non-Cash signings under the Part VII solution	n/a	New slide	New slide detailing the approach to non-cash signings under the Part VII solution

Changes made to MDD (12/12)

Slide Title	PREVIOUS CONTENT - MDD v.2.0	NEW CONTENT - MDD v3.0	Rationale for change / update / addition
Complaints Actions	n/a	There may be a requirement for CH/DCAs with complaints handling authority to provide information via Managing Agents to Lloyd's of London / Lloyd's Europe This is to enable a transfer of open complaints relating to Part VII transferring policies from Lloyd's of London to Lloyd's Europe at the transfer date	Small updates to clarify – incl. CH without complaints handling authority
	n/a	CHs/DCAs with complaints handling authority need to notify Part VII complaints relating to Part VII transferring policies to Lloyd's Europe via the notification template (updated to include Part VII Segmentation Logic) in line with the BAU process CHs/DCAs without complaints handling authority are required to notify Part VII complaint to the Managing Agent, and provide support throughout the complaints handling process as requested by the Managing Agent in line with the BAU process	
Post-transfer: Part VII Complaints Management	Syndicates will be required to triage all new complaints received after the transfer date using the Segmentation Logic to ensure they have been notified to the correct entity	Syndicates and Coverholders/DCAs with complaints handling authority will be required to triage all new complaints received after the transfer date using the Segmentation Logic to ensure they have been notified to the correct entity	Small updates to clarify – incl. CH without complaints handling authority
	and Coverholders with complaints handling authority	and Coverholders / DCAs with complaints handling authority	
Appendix - Operational Data Model – Detailed Guidance	n/a	Operational Data Model – Detailed Guidance	New slides added for the detailed guidance to the Data Model
Appendix – Asset Transfer	n/a	Asset Transfer	New slides added for guidance on Asset Transfer
Appendix – Bulk DA Processes	n/a	Bulked DA Processes	Bulked DA Processes (PDF) embedded into document

Changes made to MDD (1/6)

Slide Title	PREVIOUS CONTENT - MDD v3.0	NEW CONTENT - MDD v4.0	Rationale for change / update / addition
Scope of the Part VII Transfer	•Premiums and claims processed on the transferred business after the Part VII transfer date (i.e. from end of October 2020);	All transferring premiums and claims processed by the Bureau (for Bureau business) / settled by Managing Agents (for Non-Bureau business) after the Scheme Effective Date	Update to wording to reference how business is processes
	Underwritten	Incepting	Amended all references from Underwritten to Incepting
	End of October	29 th October	Amended to reflect scheme effective date of 29 th October for all references
Key Elements to Part VII Segmentation and other references in the MDD	Risk location	Regulatory risk location	Update to wording to regulatory risk location
Master List Segmentation Logic (2/5)	n/a	Added further examples for Non-EEA Combined FIL code	Updated table to reflect Regulated excluded code combinations and note of where N/A appears
Master List Segmentation Logic (4/5)	Example 4: SK SK1 SK and FR	Example 4: KR SKR1 KR and FR	Update to example 4 to reflect correct FIL codes
Master List Data Lineage	MAs are required to apply the Segmentation Logic	MAs are required to apply the Bureau Triage Rules or the Non-Bureau Triage Rules	Update to reference Triage Rules rather than Segmentation Logic
	Any transactions that come into the Bureau after the scheme effective date which are not on the Master List will form a 5th transferring category – “Newly Identified” – these approach for these transactions is subject to a design review	Any transactions that are processed by the Bureau after the scheme effective date which are associated with signings which are	Updated wording that the newly identified transactions are associated with signings
	n/a	Segmented versions of the final Master List will be created for Brokers and distributed in September	Updated wording to reflect broker received a version of the Master List
Master List – Distribution and Internal Identification	At the point of transfer, the update will be shared with the respective MA at the next transaction movement, regardless of type of movement (including where movement is due to quarterly exchange rate update)	The Bureau in the period immediately before the transfer, will execute an internal “behind the scenes” bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies using the Initial Load open claims data provided by Managing Agents - noting that there are no Part VII update messages being sent to MAs at this stage	Updated wording to reflect behind the scenes bulk update
Bureau Triage Rules	Australia	Australian Regulated	Updated wording to specify Australian Regulated

Changes made to MDD (2/6)

Slide Title	PREVIOUS CONTENT - MDD v3.0	NEW CONTENT - MDD v4.0	Rationale for change / update / addition
Actions for identifying Part VII Business (3/5)	n/a	The Bureau will review every transaction processed after the scheme effective date to assess the Part VII status Definitively transferring or non-transferring risks (as per the Master List status) will be processed accordingly	Update to wording to reference how business is processes
Bureau Market Support	Open Part VII claims will be updated in time for the Part VII transfer to include the Part VII indicator	The Bureau will execute an internal “behind the scenes” bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies using the Initial Load open claims data provided by Managing Agents - noting that there are no Part VII update messages being sent to MAs at this stage.	Updated wording to reflect behind the scenes bulk update
Flagging of Open Part VII Claims by Bureau	In the period immediately before the transfer, the Bureau will execute a bulk claim update to add Part VII indicators to their system of record and SCM messages, carried out at Claims Office Reference (COR) level. This process is expected to take place from the beginning of October up to the transfer date.	The Bureau will execute an internal “behind the scenes” bulk claim update to add Part VII indicators to all open claims relating to Part VII transferring policies using the Initial Load open claims data provided by Managing Agents - noting that there are no Part VII update messages being sent to MAs at this stage.	Updated wording to reflect behind the scenes bulk update
Bureau Market Support (1/2)	The Bureau will review the documentation submitted in the work-package and refer to the Part VII scope definition	The Bureau BAU processing utilises coding (primarily FIL coding) which will be used to identify the Part VII status, along with reviewing the documentation submitted in the work-package and referring to the Part VII scope definition	Update to wording to reference how business is processes

Changes made to MDD (3/6)

Slide Title	PREVIOUS CONTENT - MDD v3.0	NEW CONTENT - MDD v4.0	Rationale for change / update / addition
Bureau Market Support (1/2)	n/a	<p>Changing the Master List status</p> <p>On the very rare, critical exceptions where a Master List record with a definitive Transferring Status is agreed to be incorrect (despite the review and confirmation of the Managing Agent prior to the Scheme Effective Date), a cancel and replace process must be followed. This will only be followed where both the transferring Lead Syndicate and LIC have both approved this change, and can only be changed if the Master List record in question neither: (i) relates to an EEA Risk; nor (ii) was issued to or is held by an EEA policyholder.</p> <p>Where both the transferring syndicate and LIC have agreed that this is the case, the original signing will need to be cancelled and a replacement original signing created. This replacement original signing will then be processed under the “newly identified” procedure, summarised on this slide.</p> <p>Note – it is not possible to amend a Master List record with a definitively non transferring status (or any other status) to a definitively transferring status</p>	Update to wording to reference how business is processed
Bureau Market Support (2/2)	NA	Not Applicable	Specifying there is no Part VII code as Canadian Regulated business is out of scope
Bulked Delegated Authority Processes	A key consideration is the option for either the Coverholder/DCA	A key consideration is the requirement for either the Coverholder/DCA	Updated wording to reflect the requirement for either Coverholder/DCA or Broker to triage and split the bordereau
Delinked process	Delinked / Deferred / Corrections Overview slide replaced	New slide	Replacement slide detailing the process for Delinked transactions
Deferred process	Delinked / Deferred / Corrections Overview slide replaced	New slide	Replacement slide detailing the process for Deferred transactions
DXC end of day report	n/a	New slide	New slide detailing the end of day report provided to MAs and Brokers by DXC
Broker Code Approach	n/a	New slide	New slide detailing the overview of the Broker Code Approach
Broker Code - Assumptions / Scenarios	n/a	New slide	New slide detailing the overview of the Broker Code Assumptions and Scenarios

Changes made to MDD (4/6)

Slide Title	PREVIOUS CONTENT - MDD v3.0	NEW CONTENT - MDD v4.0	Rationale for change / update / addition
Overview of Data Submission Files - Initial & Monthly Load	Note – analysis underway regarding potential market option for sourcing of declaration data in order for this to be provided to Managing Agents for use in their Lloyd’s Europe returns – updates will continue to be provided in upcoming market forums	Note – MA discussions with DXC are now underway regarding the proposed solution to source Declaration level data for Initial Load and Monthly submissions from the IMR. Progression and updates will continue to be shared at upcoming OWG and COO Advisory group sessions.	Update to reflect the latest position on Declaration level data submissions
Summary of Data Requirements	n/a	FIL Code 1 - Premium and Regulatory risk location – Premium	FIL Code example added
Updates to Part VII Declaration Level Data Requirements	n/a	New slide	New slide to update on Part VII Declaration Level Data Requirements
Overview of Data Submission Files	analysis underway regarding potential market option for sourcing of declaration data in order for this to be provided to Managing Agents for use in their Lloyd’s Europe returns – updates will continue to be provided in upcoming market forums	MA discussions with DXC are now underway regarding the elective / optional solution to source Declaration level data for Initial Load and Monthly submissions from the IMR. Progress updates will continue to be shared at upcoming OWG and COO Advisory group sessions.	Update on DXC solution
MDC Onboarding	n/a	Update to number of fields	Updated Initial Load and Monthly Load fields
Part VII Operational Data Model	n/a	new slide	Slide detailing MDC onboarding
Data Quality checks within the DC/DQ tool	n/a	Updated Submission dates	Amended Initial Load Submission Dates
Data Quality checks within the DC/DQ tool	n/a	New slide	New slide detailing categories of DQ checks
Part VII Operational Data Model	Submission Date 19 th Jun Submission Date 20 th Jul	Submission Date 26 th Jun Submission Date 24 th Jul *Note that for the purpose of Data Onboarding, Initial Load catch-up files are not required – see slide XX (detailed guidance) for more details on Initial Load catch-up	Updates to submission dates and Data Onboarding
Finance Actions (2/3)	Details of any unreconciling items will need to be provided	The monthly extract file should include all transactions that have settled within the reporting period including Non-Cash Bureau, Non-Bureau and direct settlements – Note only transactions that have passed through the Part VII Settlement Account should be reported in the extract file Details of any unreconciled bank movements will need to be provided	Update to MA actions regarding the monthly extract file

Changes made to MDD (5/6)

Slide Title	PREVIOUS CONTENT - MDD v3.0	NEW CONTENT - MDD v4.0	Rationale for change / update / addition
Part VII Bank Account roll out approach	n/a	New slide	New slide detailing the Part VII Bank Account roll out approach
Non-cash* Signings under the Part VII solution	* The term "non-cash" (a.k.a. "paid by cheque") is used in instances where the accounting entry is generated by the Bureau however the cash does not move via STFO.	* The term "non-cash signings" (a.k.a. "paid by cheque") is used in instances where the accounting entry is generated by the Bureau however the cash does not move via STFO. This is different from non-cash movements/amounts that are mentioned in other sections of the MDD.	Updated wording to specify "non-cash" signings
Claims VAT requirements	1.Invoices (in Lloyd's Insurance Company's name) will be needed for claims fees where VAT is due (either locally or in Belgium), or where a VAT exemption applies	1.Invoices (in Lloyd's Insurance Company's name) will need to be provided by Lead MAs / Syndicates for claims fees where VAT is due (either locally or in Belgium), or where a VAT exemption applies	Updated wording to specify Lead MAs should provide invoices
Part VII VAT slides	n/a	New slides	New slides detailing Part VII VAT fields and guidance
Current Market Reporting	n/a	Addition of three new reports to table: Canadian SIS Additional US Tax Returns Singapore Tax Return	New market reports added to the impact assessment
US Syndicate Information Statement (SIS)	n/a	Updated slide	Updated slide to reflect no impact by Part VII
US Federal Excise Tax (FET)	n/a	New slide	Updated slide to reflect no impact by Part VII
Canada Syndicate Information Statement (SIS)	n/a	New slide	New slide detailing the Canada Syndicate Information Statement (SIS) impact assessment
Additional US Tax Returns	n/a	New slide	New slide detailing the Additional US Tax Returns impact assessment
Singapore Tax Return	n/a	New slide	New slide detailing the Singapore Tax Return impact assessment

Changes made to MDD (6/6)

Slide Title	PREVIOUS CONTENT - MDD v3.0	NEW CONTENT - MDD v4.0	Rationale for change / update / addition
MDC Onboarding Guidance	Overview of key capabilities expected from the tool	Overview of key capabilities of MDC and the Part VII Data Storage	Update to sub-heading on slide to reference MDC and Part VII Data Storage
Operational Data Model – Detailed Guidance	n/a	Updated version	Updated to latest version of the Detailed Guidance
Part VII – Claims Dos and Don'ts	n/a	New slides	New slides detailing the Dos and Don'ts for Part VII claims handling
Asset Transfer	n/a	New slides	New slides on Loss Funds and Loss Fund processes

Changes made to MDD (1/8)

Slide Title	PREVIOUS CONTENT - MDD v4.0	NEW CONTENT - MDD v5.0	Rationale for change / update / addition
Executive Summary	n/a	+Note – Refer to Lloyd's Market Bulletin Ref: Y5301 (Brexit: changes to Lloyd's underwriters' reinsurance trading rights in the EEA)	Adding a link to the Lloyd's Market bulletin on Lloyd's underwriters' reinsurance trading rights in the EEA
Lloyd's Part VII - Background	EEA	EEA and Monegasque	Amended all references to EEA business to include Monegasque throughout the document
Lloyd's Part VII - Background	29th October 2020	30th December 2020	Amended all references to the scheme effective date given the change to the date
Introduction to Lloyd's Part VII	•Section 7 covers the impact assessment carried out on the current Lloyd's reporting requirements	•Section 7 covers accounting treatment guidance and the impact assessment carried out on the current Lloyd's reporting requirements	Added reference to accounting treatment within the Reporting section
Scope of Part VII	n/a	**Bureau Triage and the SED The Bureau will review every transaction processed after 21 December 2020 to assess the Part VII status In scope transactions will be completed with new Part VII trust fund codes USMs / SCMs with new Part VII trust fund values will be sent to Managing Agents after end of day on 21 December 2020 No Part VII monies will settle before 4 January 2021 – this will be enabled via four pseudo bank-holidays	Additional content to provide guidance on Bureau Triage and the SED
Master List Segmentation Logic (1/5)	n/a	any segmentation statuses previously supplied by the market in 2019 are out of date and the data provided by the lead Managing Agent will inform the segmentation status	Additional content advising that any segmentation statuses previously supplied in 2019 are out of date
	n/a	...and May	Additional content to include reference to May
	n/a	...all non-German Reinsurance will be included in the Master List and defaulted to Not Transferring	Additional content that non-German Re will be in the Master List and defaulted to Not Transferring
	the transferring status prior to final Master Lists being provided	the transferring status for binders prior to final Master Lists being provided	Additional content to refer to binders
Master List Segmentation Logic (2/5)	n/a	<ul style="list-style-type: none"> Some non-jurisdictionally specific FIL codes will be ignored where the other FIL code on a transaction has a definitive jurisdictional status Where the insurance type and FIL code data received from the lead Managing Agent is wholly contradictory, the segmentation status will be defaulted to 'Unknown' 	Additional content providing guidance on Combined FIL codes
Master List – Creation Rules	e.g. each OSND to appear once and once only in the Master List There will be only one instance of each OSND throughout the entire consolidated Master List across all MAS	n/a	Content deleted due to OSNDs appearing across lead and follow MA Master Lists
Managing Agent Master List Requirements	Managing Agent Master List Requirements	Managing Agent Master List	Updated title removing the word Requirements

Changes made to MDD (2/8)

Slide Title	PREVIOUS CONTENT - MDD v4.0	NEW CONTENT - MDD v5.0	Rationale for change / update / addition
Non-Bureau Triage Rules	•For Non-Bureau business (including LDR), market participants will utilise the segmentation logic rules below, relying on policyholder domicile and regulatory risk location data to inform the transferring status	•For Non-Bureau business (including LDR), and for delegated business where the triage is carried out by the coverholder / DCA / Broker market participants will utilise the segmentation logic rules below, relying on policyholder domicile and regulatory risk location data to inform the transferring status	Updated wording with reference to market participants carrying out triage of Non-Bureau business
Actions for identifying Part VII Business (2/6)	n/a	Claims subject to litigation to which Lloyd's Europe is a party at the scheme effective date	New row of content advising on actions for claims with litigation
Actions for identifying Part VII Business (3/6) & (4/6)	Apply the Triage Rules to determine the transferring status of each individual declaration-level policy transaction,	Apply the Triage Rules to determine the transferring status of each individual declaration-level policy transaction	Updated wording to reflect reference to individual declaration-level policy transaction
	n/a	The Bureau will review every transaction processed after 21 December 2020 to assess the Part VII status In scope transactions will be completed with new Part VII trust fund codes USMs / SCMs with new Part VII trust fund values will be sent to Managing Agents after end of day on 21 December 2020 No Part VII monies will settle before 4 January 2021 – this will be enabled via four pseudo bank-holidays	Updated content with reference to the Coverholder v5.2 standards
Actions for identifying Part VII Business (4/6)	n/a	The Bureau will review every transaction processed after 21 December 2020 to assess the Part VII status In scope transactions will be completed with new Part VII trust fund codes USMs / SCMs with new Part VII trust fund values will be sent to Managing Agents after end of day on 21 December 2020 No Part VII monies will settle before 4 January 2021 – this will be enabled via four pseudo bank-holidays	Additional content to provide guidance on Bureau Triage and the SED
Flagging of Open Part VII Claims by Bureau	By the end of September 2020	By 11 th December 2020	Updated content to reflect a change to the initial load submissions deadline
Bureau Market Support (1/2)	On the very rare, critical exceptions where a Master List record with a definitive Transferring Status is agreed to be incorrect (despite the review and confirmation of the Managing Agent prior to the Scheme Effective Date), a cancel and replace process must be followed. This will only be followed where both the transferring Lead Syndicate and LIC have both approved this change, and can only be changed if the Master List record in question neither: (i) relates to an EEA Risk; nor (ii) was issued to or is held by an EEA policyholder. Where both the transferring syndicate and LIC have agreed that this is the case, the original signing will need to be cancelled and a replacement original signing created. This replacement original signing will then be processed under the “newly identified” procedure, summarised on this slide. Note – it is not possible to amend a Master List record with a definitively non transferring status (or any other status) to a definitively transferring status	On the very rare, critical exceptions where a Master List record is agreed to be incorrect (despite the review and confirmation of the Managing Agent prior to the Scheme Effective Date), a cancel and replace process must be followed. This will only be followed where both the transferring Lead Syndicate and LIC have both approved this change. Where both the transferring Lead Syndicate and LIC have agreed, the original signing will need to be cancelled and a replacement original signing created. This replacement original signing will then be processed under the “newly identified” procedure, summarised on this slide.	Updated content to reflect the approach taken to changing the Master List status

Changes made to MDD (3/8)

Slide Title	PREVIOUS CONTENT - MDD v4.0	NEW CONTENT - MDD v5.0	Rationale for change / update / addition
Actions for Data Submissions (1/3)	n/a	Provide pre Scheme Effective Date initial load data in December 2020 for use in Bureau and LIC production systems and processes	Updated content referencing pre SED Initial Load
	at transfer date	shortly after Scheme Effective Date	Updated wording to reflect Initial Load data provided shortly after SED
Rationale for Part VII Data Submissions	•Tax Reporting (e.g. VAT on claim fees, IPT)	•Tax Reporting (e.g. VAT on claim fees)	Removal of reference to IPT
Updates to Part VII Declaration Level Data Requirements	n/a	A small number of exceptions to the principles above will apply to fields which are either critical additions (e.g. Claim Litigation Fields), already Supply Where Available, or Part VII specific (e.g. Correction Indicator)	Updated content to reflect exceptions to the data field principles
Summary of Data Requirements - Premium	Premium tax Tax Payment Indicator Tax Rate Tax Basis Tax Risk Type	Deleted	Removal of Premium tax field category
Full Market Data Onboarding	n/a	Submission of final pre scheme effective date initial load (data as at end November 2020) for use in LIC and Bureau production systems and processes - Syndicates, December 2020	Updated content with addition of pre-scheme effective date initial load
Data submission roadmap and design discussions	n/a	new slides	New slides detailing the data submission roadmap and design discussions
Data Quality checks within the DC/DQ tool	Controls to check the data consistency within the submitted file and record (e.g. GWP>NWP, policy expiry date consistent per UMR)	Controls to check the data consistency within the submitted file and record (e.g. GWP>NWP, policy expiry date consistent per UMR) as well as that corrections are provided correctly	Added reference that corrections should be provided correctly
Monthly Part VII Extract Submission Timeline	Monthly Part VII Extracts are required to be submitted to Lloyd's Europe two weeks after the end of the 'transaction month' (or earlier)	Monthly Part VII Extracts are required to be submitted to Lloyd's Europe 10 days after the end of the 'transaction month' (or earlier)	Updated content to reflect change in time to submit extracts
	Lloyd's Europe Processing Window: Two weeks for Lloyd's Europe to process the data submitted including first set of detective controls	Lloyd's Europe Processing Window: 10 WDs for Lloyd's Europe to process the data submitted including detective controls – corrections may be required within the same month or in the next months' submission	Updated content to reflect change in time to submit extracts
	n/a	*Note: As summarised on the Onboarding Timeline slide, there will be a 15 WD submission window in February and March 2021 to reflect that these are the first two monthly submissions which require the bank reconciliation process	New content added to this slide and all other references to 10 WDs to reflect the submission window in the first two monthly submissions requiring the bank reconciliation process
Part VII Settlement Accounts Summary	Therefore, if there is a currency that has limited use within the Part VII programme LB will expect any new Part VII transactions after the scheme effective date that do occur in the "limited use" currency to be processed via the CCS rather than setting up a bank account.	Therefore, if there is a currency that has limited use within the Part VII programme LB will expect any new Part VII transactions after the scheme effective date that do occur in the "limited use" currency to be mapped to a currency bank account that has been set up (EUR or GBP) and converted by Citibank.	Updated wording to reflect Part VII transactions that do occur in "limited use" currency to be mapped to a currency bank account.
Part VII Settlement Account Update	n/a	Replacement slide	Replacement slide providing an update on Part VII Settlement Accounts

Changes made to MDD (4/8)

Slide Title	PREVIOUS CONTENT - MDD v4.0	NEW CONTENT - MDD v5.0	Rationale for change / update / addition
Part VII Money Movement	Lloyd's Europe Finance perform a second reconciliation to ensure the top-up amount ties to information contained in the Part VII Extract	Lloyd's Europe Finance perform a second reconciliation to confirm that the top-up amount reconciles with the information contained in the Part VII Extract which will include all Part VII transactions <u>settled</u> in the previous month	Updated content to reflect that transactions are be settled
Top-ups and Cash Matching	For example, all transactions processed during the month	For example, all transactions settled during the month	Updated content to reflect that all transactions are settled during the month
Trust Fund Reporting	n/a	New content	New content detailing how Syndicates will process US Situs transactions for Part VII policies following the Scheme Effective date
Complaints Actions	Identification of complaints relating to Part VII transferring policies (post-transfer) MAs / Syndicates are required to handle Part VII complaints in line with Lloyd's Europe Complaints handling principles and guidelines as per Lloyd's Europe BAU	Identification of complaints relating to Part VII transferring policies (post-transfer) MAs / Syndicates are required to handle Part VII complaints in line with Lloyd's Europe Complaints handling principles and guidelines as per Lloyd's Europe BAU (with the exception of acts and omissions occurring pre-transfer which relate to non-insurance liabilities including tax, conduct/ mis-selling for which responsibility remains with Managing Agents / Lloyd's Syndicates)	Updated content to reference to non-insurance liabilities
	Identification of complaints relating to Part VII transferring policies (post-transfer) CH/DCAs are required to handle Part VII complaints in line with Lloyd's Europe Complaints handling principles and guidelines	Identification of complaints relating to Part VII transferring policies (post-transfer) CH/DCAs are required to handle Part VII complaints in line with Lloyd's Europe Complaints handling principles and guidelines (with the exception of acts and omissions occurring pre-transfer which relate to non-insurance liabilities including tax, conduct/ mis-selling for which responsibility remains with Managing Agents / Lloyd's Syndicates)	Updated content to reference to non-insurance liabilities
	Notification of complaints relating to Part VII transferring policies to Lloyd's Europe (post-transfer)	Notification of complaints which have transferred to Lloyd's Europe (post-transfer)	Updated reference to complaints transferred to Lloyd's Europe
	•MAs / Syndicates need to notify Part VII complaints relating to Part VII transferring policies to Lloyd's Europe via the notification template (updated to include Part VII Triage Rules) in line with the BAU process	Notification of complaints which have transferred to Lloyd's Europe (post-transfer)	Updated reference to complaints transferred to Lloyd's Europe
Part VII Complaints Management	n/a	...acts and omissions occurring pre-transfer which relate to	Updated wording to include reference to acts and omissions

Changes made to MDD (5/8)

Slide Title	PREVIOUS CONTENT - MDD v4.0	NEW CONTENT - MDD v5.0	Rationale for change / update / addition
Pre-transfer: Transfer of Open Part VII Complaints	Lloyd's Europe and Lloyd's of London Complaints Teams will perform a gap analysis in the next phase of work. An update will be provided on completion of the gap analysis	Lloyd's Europe and Lloyd's of London Complaints Teams are performing a gap analysis of the required information for open complaints. An update will be provided on completion of the gap analysis	Updated wording to reflect the gap analysis is underway
Post-transfer: Part VII Complaints Management	Existing slide	All content updated	Updated content for complaints post-transfer actions
Accounting treatment and Reporting	n/a	New slides	New slides added to provide guidance on Accounting Treatment
Current Market Reportin	No impact Gross Quarterly (GQD) Technical Provisions Data (TPD)	Reporting basis change Solvency II - AAD / GAD Gross Quarterly (GQD) Reporting requirement change Technical Provisions Data (TPD)	New market reports added to the impact assessment
Delivery Schedule	n/a	Section deleted	Removal of the Delivery Schedule section
Accounting Treatment and Reporting	n/a	New slides	New slides added for guidance on Accounting Treatment
Solvency II – ASR / QSR / ASB	n/a	Please refer to these slides and the supporting analysis sent with this document (detailed in Appendix 3)	Updated content to reflect supporting document available
Solvency II – Risk and Claims Reporting	The process for identifying those risks and claims that have transferred is currently being worked through with the Lloyd's Market Finance team, Lloyd's Europe, and DXC	The risks and claims that have transferred will be identified using an additional column on the template.	Updated content to reflect new guidance for the template
Syndicate Report & Accounts	n/a	Please refer to this slide for details on the impacts on the Syndicate's accounts.	Updated content to reflect new guidance for the template

Changes made to MDD (6/8)

Slide Title	PREVIOUS CONTENT - MDD v4.0	NEW CONTENT - MDD v5.0	Rationale for change / update / addition
Solvency II – AAD / QAD	No - There will be no changes to these templates. Asset data is not directly impacted by Part VII transfer n/a n/a	Yes – there are changes required as to how the templates are populated as a result of the Part VII transfer Settlement float account to be treated as deposit with cedent in the QAD/AAD to be consistent with the QSR/ASR 002 balance sheet The MAs will need to ensure they are correctly reflecting the effects of the Part VII settlement account when preparing the SII submission Please refer to these slides and the supporting analysis sent with this document (detailed in Appendix 3)	Updated content to reflect report now impacted by Part VII
QMA	n/a	Additionally, the segmental analysis in QMA 104 will need to reflect the reduction in direct business in relation to the Part VII transfer, and similarly reflect the increase in inwards RI business following reinsurance of business back to syndicates. A corresponding change will be required on QMA 104(R) Please refer to these slides for details on the impact on the QMA return.	Updated content to reflect new guidance for the template
Technical Provisions Data (TPD)	No - There are no changes required. All risk code information is reported on a look through basis and therefore all transferring business reported as it is currently (i.e. direct as direct), hence no impact by Part VII N/A N/A There is no direct dependency with other returns	Yes– there are changes required as a result of the Part VII transfer in order to ensure that the Part VII transferred business is reported under the correct SII Class of Business given the change in transaction type resulting from the transfer An additional dimension will be required in the report to identify the correct SII Class of Business MAs will need to complete the report so as to reflect the Part VII transferred business in the correct SII Class of Business The technical provisions reported within the TPD should reconcile to those in the ASR	Updated content to reflect report now impacted by Part VII
Gross Quarterly Data (GQD)	No - There are no changes required. All risk code information is reported on a look through basis and therefore all transferring business reported as it is currently (i.e. direct as direct), hence no impact by Part VII. For Transaction Type this should still be treated as Treaty business N/A N/A	Yes – there are changes required as a result of the Part VII transfer in order to ensure that the Part VII transferred business is reported correctly in the return The business transferred to Lloyd’s Europe will need to be reported in the GQD under a Proportional Treat transaction type code post the Part VII transfer MAs will need to complete the report so as to reflect the changes required.	Updated content to reflect report now impacted by Part VII

Changes made to MDD (7/8)

Slide Title	PREVIOUS CONTENT - MDD v4.0	NEW CONTENT - MDD v5.0	Rationale for change / update / addition
Operational Data Model – Detailed Guidance	n/a	Updated version	Updated to latest version of the Detailed Guidance
Asset transfer and reinsurance	n/a	Sundry assets and liabilities	New content added to the four stages of Asset movements
Pre-transfer process	n/a	n/a	Slide deleted
Day 1 asset transfers	Day 1 asset transfers – execution 1 of 2	Day 1 asset transfers Update of content to reflect SED changes	Amendment of title and content to reflect SED changes
Day 1 asset transfers – execution 2 of 2	n/a	n/a	Slide deleted
Summary loss fund solution	n/a	Important notes – The use of loss funds is not mandatory for the transferring business provided that an alternative arrangement is in place by which Lloyd's Europe funds will be used to pay claims. Whatever method is used for claims payments on the transferring business syndicate funds cannot be used to pay Lloyd's Europe claims from SED onwards. For a subscription binder, the MA for the lead syndicate should take responsibility on behalf of followers for the MA actions described in this slide except for Master Load submission and the monthly reporting requirements which apply to both lead and follow underwriters.	Updated content to reflect a note of the use of loss funds not being mandatory for transferring business
Adequate loss fund requirement	18th September 2020	23rd October 2020	Updated content to reflect a change in the date loss funds are required to be in place by
Mixed binders – setting up new transferring loss fund CORs	Brokers should be asked to create new a UCR for any new loss fund CORs required The broker should informed that	Lead MAs should ask brokers to create a UCR for any new loss fund CORs required The lead MA should inform the broker	Updated reference that Lead MAs should inform brokers
Transfer of ownership and banking arrangements	n/a	Agreement will be available to MAs 1 September 2020 to be signed by MAs and returned to Lloyd's by 23 October 2020 Confirmation documents to be signed by Coverholders/DCAs and returned to Lloyd's by 20 November 2020	Updated content to reflect a change in the date agreements will be available to MAs to transfer ownership of loss funds to LIC
Loss funds timeline	n/a	Updated timeline	Updated content to reflect changes to the loss funds timeline
Non-XIS Overseas Business Return (New Zealand)	Non-XIS Overseas Business Return (New Zealand)	Non-XIS Quarterly Overseas Business Returns for various territories	Updated references to Non-XIS Quarterly Overseas Business Returns for various territories

Changes made to MDD (8/8)

Slide Title	PREVIOUS CONTENT - MDD v4.0	NEW CONTENT - MDD v5.0	Rationale for change / update / addition
Lloyd's Capital Return	Lloyd's Capital Requirement (LCR)	Lloyd's Capital Return (LCR)	Updated references to Lloyd's Capital Return (LCR)
Part VII Claims Dos and Do nots	Non-XIS or LDR	The Bureau	Updated content to reflect transactions processed via the Bureau
	Carrier	Slip lead	Updated reference to slip lead rather than carrier
	No change	<p>Not applicable. This only applies in the rare circumstances where a risk has been written post Jan 2019 by both a syndicate and Lloyd's Europe (e.g. UK risks).</p> <p>There will be no syndicate carriers on any transferred claims, only Lloyd's Europe. The lead Managing Agent will have authority, under the Outsourcing Agreement, to handle the claim for all of Lloyd's Europe share of the claim, including the share written on behalf of Lloyd's Europe by other Managing Agents.</p>	Updated content to reflect the "Do not" is not applicable for Part VII

Changes made to MDD (1/4)

Slide Title	PREVIOUS CONTENT - MDD v5.0	NEW CONTENT - MDD v6.0	Rationale for change / update / addition
Part VII - Cutover Timeline	n/a	New slide	New slide to show the Cutover timeline for Part VII
Scope of the Part VII Transfer	n/a	<ul style="list-style-type: none"> •Policies, or part thereof, which are subject to asset freezes or are blocked policies due to sanctions exposures; 	New content to reference asset freezes and blocked policies due to sanctions exposure
	n/a	The transferring scope includes any business that has been bound by a sub-delegated coverholder - the Scheme wording / definitions ensure that binding authorities include agreements put in place with coverholders by service companies acting on behalf of members under sub-delegated arrangements – these will transfer to LIC as Transferring Contracts (provided that the coverholder is appropriately authorised)	New content to provide guidance on the transferring scope of sub-delegated coverholder business
Master List Data Lineage and others	"Newly Identified" – the approach for these transactions is subject to a design review	"Newly Identified" – the approach for these transactions can be found on this slide	Updated content to reflect that the approach for "Newly Identified" transactions can be found via the hyperlinked slide
Broker Master Lists	n/a	New slide	New slide detailing the Master List brokers will receive
Approach for Managing Agents to send the Master List to Coverholders and DCAs	n/a	New slide	New slide detailing approach for MAs to send their Master List to Coverholders and DCAs
Actions for identifying Part VII Business (3/6)	n/a	Post-transfer New row added	New content added for post-transfer actions for claims subject to litigation
	Na	Ensure that the Claim Litigation field within the Initial Load Master Supplementary and Declaration Claim files is populated with 'Y' for claims subject to litigation	New content added on actions required to be completed for MAs and CH/DCAs for claims subject to litigation
Bureau Market Support	n/a	The charges for Part VII Triage service will be funded by Syndicates. These costs are being paid by the LMA on behalf of the MAs using managing agents' funds held by LMA accrued under the Fern central services contracts. There will be a review of actuals vs. expected volumes in mid 2021 and results will be reported to ASC. An adjustment of payment at the end of 2021 will be considered IF the service use exceeds the assumed demand funded by the minimum payment for 2021. It is expected that Triage service costs for 2022 will be funded the same way	New content to reflect the charging structure for Part VII Triage

Changes made to MDD (2/4)

Slide Title	PREVIOUS CONTENT - MDD v5.0	NEW CONTENT - MDD v6.0	Rationale for change / update / addition
DXC end of day report	n/a	Replacement slide	New content to reflect updates made to the DXC end of day report
Newly Identified	n/a	New slide	New slide for the approach to newly identified transactions
Unidentifiable German Reinsurance	n/a	New slide	New slide for the approach to Hidden German Reinsurance
Data onboarding timeline	18th Sept 16th October	2nd Oct 30th October	Updated content to reflect new submission deadlines
MDC Data reconciliation	n/a	New slide	New slide to provide guidance on data reconciliation
LIC Operational Controls	n/a	New slide	New slide to provide guidance on LIC Operational Controls
Data correction operational process	n/a	New slide	New slide to provide guidance on Data correction operational process
Document Request	n/a	New slide	New slide to provide guidance on Document Request
Part VII – MA liaison	n/a	New slide	New slide to provide guidance on Part VII – MA liaison
Bank reconciliation	n/a		Updated content to reflect that the Data Model does not have a field for the monthly top-up to LB
Top-ups and Cash Matching	average monthly claims payment from the previous 12 months and multiplying by 3	the sum of the three highest monthly claim cashflows over a 12 month period, capped at two times the three month average for the 12 twelve months. A minimum float of £2,000 (equivalent) has been applied in instances where the calculation yields results below this value	Updated content to reflect the guidance for float calculation
Non-cash* Signings under the Part VII solution	n/a	If Service Company business is currently signed on a quarterly basis to the Syndicate (with premium and claim money movement between the Service Company and the Syndicate also on a quarterly basis), MAs are permitted to process Part VII transferred business on a quarterly basis.	Updated content to reflect how Service Company business will be treated

Changes made to MDD (3/4)

Slide Title	PREVIOUS CONTENT - MDD v5.0	NEW CONTENT - MDD v6.0	Rationale for change / update / addition
Cash Call Process	n/a	In order to raise a cash call query, MAs are required to provide the following details for the Part VII bank account Managing Agent Syndicate Currency Top Up Amount Account Number Sort Code Top up Settlement Date Expected Claim payment date	Updated content to reflect what information MAs are required to provide to raise a cash call query
Claims VAT Requirements	Invoices in the name of Lloyd's Insurance Company SA (see hereafter the complete details) need to be provided by Lead MAs / Syndicates for claims fees where VAT is due (either locally or in Belgium), or where a VAT exemption applies		Updated content to specify the claim VAT requirements apply to all claim fee invoices
Removal of Policies with Sanctions Exposure	n/a	New slides	New slides highlighting the impact of the removal of policies with sanctions exposure
Current Market Reporting	Claims Outsourcing Arrangements List Delegated Claims Authorities (DCA) Register	n/a	Content deleted due to reports no longer in force
Back-book Unknowns	n/a	New slide	New slide to provide guidance on back-book unknowns
Claims Outsourcing Arrangements List		Slide deleted	Slide deleted due to no longer in force
Delegated Claims Authorities (DCA) Register		Slide deleted	Slide deleted due to no longer in force
Operational Data Model – Detailed Guidance	n/a	Replacement slides	Updated content to reflect v5.0 of the Operational Data Model – Detailed Guidance

Changes made to MDD (4/4)

Slide Title	PREVIOUS CONTENT - MDD v5.0	NEW CONTENT - MDD v6.0	Rationale for change / update / addition
Lloyd's Europe Part VII Claims Guidelines	<ul style="list-style-type: none"> Pay any claims outside central settlement system when the transaction processing method is the Bureau. If the transaction processing method is either non-XIS or LDR, Do not pay any Part VII claims outside Part VII settlement accounts 	Do not pay any Part VII claims outside Part VII settlement accounts	Updated content to reflect to not pay claims outside Part VII settlement accounts
	n/a	<ul style="list-style-type: none"> The completion of this requirement is not necessary to be completed prior to the SED. This can be done in the two months following, by 28th February 2021 	Updated content to advise of when requirement is required by
	need to be uploaded to SecureStore	need to be uploaded immediately to SecureStore	Updated content to advise the requirement is required immediately
	Ensure adequate loss funds are held by Coverholders and DCAs	Where loss funds are required in order to pay claims promptly, ensure that they are adequate and are held by Coverholders and DCAs	Updated content to advise of requirement of loss funds held
	Under market consultation sticker Design question sticker	Removed	Removal of stickers to reflect confirmed content
Loss funds for non-bureau business – summary requirements	n/a	New slide	New slide to reflect the requirements for loss funds for non-bureau business
Loss funds for non-bureau business – summary requirements	n/a	New slide	New slide to reflect the minimum date requirements for loss funds for non-bureau business

Changes made to MDD (1/4)

Slide Title	PREVIOUS CONTENT - MDD v6.0	NEW CONTENT - MDD v6.1	Rationale for change / update / addition
Changes to the Scheme Effective Date – Implementation	<p>DXC Processing and STFO Settlement – day-by-day plan</p> <p>No Part VII transactions will settle in 2020 The final settlement date in 2020 will be 23 December for signings dated up to 18 December The next settlement date will be 4 January 2021 for all signings processed on 21 December 2020 Settlement on 5 January 2021 for all signings processed on 22 December 2020 Settlement on 6 January 2021 for all signings processed between 23 and 31 December 2020 – all of which will have a signing date of 23 December 2020 Settlement on 7 January 2021 for all signings processed on 4 January 2021 – BAU pattern resumed from this point Final submission dates to achieve 2020 signing will be brought forward: 5 day SLA business – 15 December 3 day SLA business – 17 December 2 day SLA business – 18 December Pseudo bank holidays (non-settlement days) being introduced - 24, 29, 30 and 31 December 2020 Non processing days: Lloyd's claims – 29 to 31 December 2020 Lloyd's premium – 29 to 31 December 2020 Company market will mirror Lloyd's settlement and processing calendar For those signings due to settle on the pseudo bank holidays, the intent is to move the settlement date to 4 January 2021 Delinked transactions will be set to LPSO to be settled in advance of the deployment weekend (19 and 20 December 2020) – the Part VII delinked process will then be followed</p>	<p>No Part VII transactions will settle in 2020 The final settlement date in 2020 will be 23 December for signings dated up to 18 December The next settlement date will be 4 January 2021 for all signings processed on 21 December 2020 Settlement on 5 January 2021 for all signings processed on 22 December 2020 Settlement on 6 January 2021 for all signings processed between 23 and 31 December 2020 – all of which will have a signing date of 23 December 2020 Settlement on 7 January 2021 for all signings processed on 4 January 2021 – BAU pattern resumed from this point The last submission dates for Syndicate premium, Company premium and Syndicate claim settlement to achieve a 2020 settlement will need to be: 5 day SLA – 11 December 2020 3 day SLA – 15 December 2020 2 day SLA – 16 December 2020 The last submission dates for Syndicate premium, Company premium and Syndicate claim settlement to achieve a 2020 signing date will need to be: 5 day SLA – 17 December 2020 3 day SLA – 21 December 2020 2 day SLA – 22 December 2020 Pseudo bank holidays (non-settlement days) being introduced - 24, 29, 30 and 31 December 2020 Non processing days: Lloyd's claims – 29 to 31 December 2020 Lloyd's premium – 29 to 31 December 2020 Company market will mirror Lloyd's settlement and processing calendar For those signings due to settle on the pseudo bank holidays, the intent is to move the settlement date to 4 January 2021 Delinked transactions will be set to LPSO to be settled in advance of the deployment weekend (19 and 20 December 2020) – the Part VII delinked process will then be followed</p>	<p>Updated last submission dates to achieve a 2020 settlement and 2020 signing date</p>
Data onboarding timeline	Overview of data onboarding timeline	Overview of data onboarding timeline	Updated view of data onboarding timeline
Delinked, delinked deferred, deferred introduction	N/A	New content outlining background to delinked, delinked deferred and deferred transactions	New content to provide an overview and background to delinked, delinked deferred and deferred transactions

Changes made to MDD (2/4)

Slide Title	PREVIOUS CONTENT - MDD v6.0	NEW CONTENT - MDD v6.1	Rationale for change / update / addition
Pseudo Bank Holiday Process	N/A	New content outlining the process for brokers to follow for delinked, delinked deferred and deferred transactions settling on a pseudo bank holiday	New content outlining the process for brokers to follow for delinked, delinked deferred and deferred transactions settling on a pseudo bank holiday
Delinked and Delinked Deferred process	Process flow outlining the steps for brokers to follow for delinked and delinked deferred transactions	Updated process flow outlining the steps for brokers to follow for delinked and delinked deferred transactions including timings	Simplified process steps and included timings of actions
Deferred process	Process flow outlining the steps for brokers to follow for deferred transactions	Updated process flow outlining the steps for brokers to follow for deferred transactions including timings	Simplified process steps and included timings of actions
Part VII – Operational controls - Static Claims	N/A	New content	Overview of Part VII Operational Controls – static claims
Part VII Dispute Process - Summary	N/A	Summary of the dispute processes	Overview of dispute process including subject of dispute, who raises the dispute, who dispute is raised with, Broker/MA action
Part VII Dispute Process - Bureau triage dispute process	N/A	New content detailing the Bureau triage dispute process	New content detailing the Bureau triage dispute process
Part VII Dispute Process - Master List dispute process	N/A	New content detailing the Master List dispute process	New content detailing the Master List dispute process

Changes made to MDD (3/4)

Slide Title	PREVIOUS CONTENT - MDD v6.0	NEW CONTENT - MDD v6.1	Rationale for change / update / addition
Part VII Complaints Management - Key Principles	<p>- After the transfer date, Lloyd's Europe will be responsible for handling all complaints related to the Part VII book of business (with the exception of acts and omissions occurring pre-transfer which relate to non-insurance liabilities including tax, conduct/ mis-selling liabilities for which responsibility remains with MAs / Syndicates)</p> <p>All complaints management activity, including notification and resolution for Part VII business will follow existing BAU Lloyd's Europe Complaints Processes/ Guidance</p> <p>- All recipients of complaints will be required to triage all new complaints received after the transfer date using the Triage Rules. The approach for EEA Part VII triage will be consistent i.e. driven by Policyholder Domicile and Regulatory Risk Location</p>	<p>- MAs / Syndicates will remain responsible for handling complaints where these have been notified pre-transfer</p> <p>- Lloyd's Europe will assume responsibility for handling complaints which are notified post-transfer, with the exception of any relating to allegations of mis-selling where the activity was undertaken pre-transfer</p> <p>- All complaints management activity, including notification and resolution for Part VII business will follow the updated BAU Lloyd's Europe Complaints process and guidance, due to be released in early December 2020</p> <p>- All recipients of complaints will be required to triage all new complaints received after the transfer date using the Triage Rules and identify if the complaint relates to pre/post-transfer acts or omissions. The approach for EEA Part VII triage will be consistent i.e. driven by Policyholder Domicile and Regulatory Risk Location.</p> <p>- Lloyd's Europe will be signing up to the Voluntary FOS jurisdiction as part of the policy holder protection. The voluntary FOS jurisdiction will apply to both transferred Part VII business and BAU complaints raised post the sign up date.</p>	Additional content outlining the key principles of complaints management

Changes made to MDD (4/4)

Slide Title	PREVIOUS CONTENT - MDD v6.0	NEW CONTENT - MDD v6.1	Rationale for change / update / addition
Complaints Actions	Identification of complaints relating to Part VII transferring policies open as at the transfer date Identification of complaints relating to Part VII transferring policies (post-transfer)	Open / closed complaints at the scheme effective date for Part VII transferring business Complaints notified post-transfer which relate to transferred Part VII business	Updates to complaints actions required by MA, coverholder, DCAs
Post-transfer: Part VII Complaints Management	N/A	Lloyd's Europe will be signing up to the Voluntary FOS jurisdiction as part of the policy holder protection. The voluntary FOS jurisdiction will apply to both transferred Part VII business and BAU complaints raised post the sign up date. The effective sign up date to the FOS voluntary jurisdiction is yet to be confirmed and the Lloyd's Europe Complaints Processes / Guidance will be updated with details of the change and application for the guidance release in early December.	Additional content regarding Voluntary FOS jurisdiction
Accounting Treatment and Reporting	Accounting treatment and detailed reporting impacts (including TPD and GQD guidance)	Simplification of Stages 1 and 2 accounting entries to effect the change from direct insurance to inwards reinsurance business – see Note1 below Inclusion of accounting worked example Clarification of reporting on pure year of account Removal of reference to returns no longer relevant to Lloyd's Note 1 - In the guidance issued on 31 July 2020, the accounting movements related to the derecognition of transferring liabilities and non-cash assets in Stage 1 and reinstatement of the same balances in Stage 2 were passed through the income statement, with a net nil impact on the face of the primary financial statements. Following discussions with market auditors, this version sets out a simplified approach which omits the offsetting income statement entries, and achieves the balance sheet movements by simple reclassification entries.	Following discussions with the market auditors this updated version sets out a simplified approach

Changes made to MDD (1/6)

Slide Title	PREVIOUS CONTENT - MDD v6.2	NEW CONTENT - MDD v7.0	Rationale for change / update / addition
Master List Segmentation Logic: Additional Changes (1/3)	Additional content providing further clarity on new elements to the segmentation logic that were incorporated after the first Master List was released in June 2020	Overview of solution for 'transferring' OSNDs with regulated FIL codes in DXC data.	All OSNDs with regulated FIL codes in DXC data that were segmented as 'Transferring' will be re-segmented to 'Unknown' to ensure they are subject the triage process, where applicable
Master List Segmentation Logic: Additional Changes (2/3)	Additional content providing further clarity on new elements to the segmentation logic that were incorporated after the first Master List was released in June 2021	Updates to the FIL code mapping and logic updates, including revision of the original FIL code mapping for 101 FIL codes and introduction of the 'Ignore if other FIL code exists, else Unknown' mapping rule	Introduced to reduce the number of OSNDs segmented as 'Unknown' as a result of throwaway or non-jurisdictionally specific FIL codes
Master List Segmentation Logic: Additional Changes (3/3)	Additional content providing further clarity on new elements to the segmentation logic that were incorporated after the first Master List was released in June 2022	Updates to the segmentation status of Direct OSNDs incepting 01/01/2019 to 12/04/2019 'Transferring' because of an EEA policyholder domicile	Introduced to cater for the Lloyd's new business exceptions which enabled syndicates to continue writing business on syndicate paper in specific circumstances
Actions for identifying Part VII Business (3/6)	Pre and post transfer actions for claims in litigation	Updated information regarding the notification in the change of the party's name taking into account local legal advice to clarify the position	
DXC end of day reports (1/3)	Overview of DXC end of day reports - premiums and claims, suspect non-transferring and contras, corrections and cancellation. Data fields included in the premiums and claims end of day report	Updated overview of DXC end of day reports including report descriptions for DS1222, DS1223 and DS1258	More detail and clarity provided relating to the DXC end of day reports
DXC end of day reports (2/3)	New content for MDD version 7	Updated overview of DXC end of day reports including report descriptions for DS1259 and DS1260	More detail and clarity provided relating to the DXC end of day reports
DXC end of day reports (3/3)	New content for MDD version 7	List of data fields for DS1222, DS1223, DS1258, DS1259 and DS1260	Provide clarity for list of fields to be expected in DXC end of day reports
Monthly Part VII Extract Submission Timeline		Updated timeline	
LIC Operational Controls: Detective controls	New content for MDD version 7	Overview of detective controls that are performed on successfully submitted data	Update on detective controls

Changes made to MDD (2/6)

Slide Title	PREVIOUS CONTENT - MDD v6.2	NEW CONTENT - MDD v7.0	Rationale for change / update / addition
MDC – acceptance of regulated FIL codes	New content for MDD version 7	Enabling acceptance of all Bureau processed Part VII transactions	To enable submission or regulated FIL codes in monthly files where the transaction has transferred
Part VII Queries	New content for MDD version 8	Overview of contact points within Lloyd's Europe for operational queries	Provide BAU contact points for queries
Bureau Part VII Dispute and Correction Process - Summary	High level overview of master list and triage dispute process	Summary of four dispute processes including i. Master List status dispute, ii. Bureau Triage outcome dispute, iii Open CORs dispute process, and iv. Master List Lead dispute	Provide more clarity on process for changing Part 7 indicators
Master List status disputes process summary	Detailed summary of the Master List status disputes process	Process overview for changing the transferring status of an OSND with the definitive 'transferring' or 'not transferring' status	Additional content to explain the process and actions for amending Master List statuses
Master List status disputes process summary	New content for MDD version 7	Overview of Master List status disputes MDC data submissions from non-transferring to transferring or Mixed, including initial load catch ups and monthly submissions	Additional content to explain the process and actions for amending Master List statuses
Master List status disputes process summary	New content for MDD version 7	Overview of Master List status disputes MDC data submissions where an OSND is deemed Not Transferring following the Contra and replacement principles	Additional content to explain the process and actions for amending Master List statuses
Bureau triage disputes process summary	New content for MDD version 7	Process overview for disagreements with the manual triage for a signing associated with a 'mixed,' 'unknown' or newly identified OSND	Additional content to explain the process and actions for amending an incorrect bureau triage signing
Bureau triage disputes process summary	New content for MDD version 7	Overview of Bureau triage disputes MDC data submissions for transactions which should have been triaged 'T' by the Bureau but incorrectly triaged as 'NT' submissions	Additional content to explain the process and actions for amending an incorrect bureau triage signing
Bureau triage disputes process summary	New content for MDD version 7	Overview of Bureau triage disputes MDC data submissions for transactions which should have been triaged 'NT' by the Bureau but incorrectly triaged as 'T' submissions	Additional content to explain the process and actions for amending an incorrect bureau triage signing
Open CORs dispute process	New content for MDD version 7	Overview of the process to change the transferring status of open CORs on Mixed or Unknown Master List OSNDs at SED	Additional content to explain the process and actions for amending the transferring / non transferring status of an open COR

Changes made to MDD (3/6)

Slide Title	PREVIOUS CONTENT - MDD v6.2	NEW CONTENT - MDD v7.0	Rationale for change / update / addition
Master List Lead dispute	New content for MDD version 7	Overview of the process to change the lead identified on the Master List	Additional content to explain the process and actions for amending the lead status of an OSND on the Master List
Master List Lead dispute	New content for MDD version 7	Overview of email informing Lloyd's Europe operations of a change to the Master List lead	Additional content to explain the process and actions for amending the lead status of an OSND on the Master List
Cash Call process	Sets out the Cash Call process steps for the topping up of the Part VII Settlement Account in the event the balance enters overdraft or a large claim is being paid out	Included LIC Finance queries mailbox for Managing Agents to inform LIC Finance of the top-up. Simplification of cash call process ensuring Managing Agents only need to submit one email confirming the topping up of the Part VII Settlement Account and informing LIC Finance if a large claim is being paid and when	Following conversations with Managing Agents, this updated version sets out a simplified approach
Direct Settlement Transactions – Corrections	New content for MDD version 7	This section covers four scenarios where a correction to a direct settlement transaction might be required including: Correction to a non-P7 direct settlement transaction that is incorrectly paid into the P7 Settlement Account Correction to a non-P7 direct settlement transaction that is incorrectly paid out of the P7 Settlement Account Correction to a P7 direct settlement transaction that is paid into the syndicate PTF Account Correction to a P7 direct settlement transaction that is paid out of the syndicate PTF Account	Sets out process for rectifying incorrectly settled transactions
Process for RITCs effective after SED (1)	New content for MDD version 7	Process steps for Ceding/Reinsuring syndicates, DXC, LIC and STFO ahead of RITC completion and update to link tables	Sets out Post-SED RITC process and affected MDC submissions
Process for RITCs effective after SED (2)	New content for MDD version 7	Process steps for Ceding/Reinsuring syndicates, following the update to link tables	Sets out Post-SED RITC process and affected MDC submissions

Changes made to MDD (4/6)

Slide Title	PREVIOUS CONTENT - MDD v6.2	NEW CONTENT - MDD v7.0	Rationale for change / update / addition
Monthly Submission (step 6)	New content for MDD version 7	Example monthly submission by ceding syndicate	Sets out Post-SED RITC process and affected MDC submissions
Monthly Submission (step 7)	New content for MDD version 7	Example monthly submission by reinsuring syndicate	Sets out Post-SED RITC process and affected MDC submissions
Initial Load Catch up (step 8)	New content for MDD version 7	Example initial load submission by ceding syndicate	Sets out Post-SED RITC process and affected MDC submissions
Initial Load Catch up (step 9)	New content for MDD version 7	Example initial load submission by reinsuring syndicate	Sets out Post-SED RITC process and affected MDC submissions
Summary VAT Guidance	New content for MDD version 7	Summary of VAT guidance for MAs for VAT reporting and the acquisition of VAT Data for Part VII data submission issued to the market in December 2020	Summarises the existing VAT guidance in the MDD and sets out key actions for lead and follow MAs
Key principles	Overview of Complaints key principles	Updated design principles to reflect new principles for Delegated Authority business and Lloyd's Europe's role for complaint handling with Cover holders and DCAs	Updated principles to reflect changes in complaints approach for Delegated Authorities
Complaint Routing Post-SED	New content for MDD version 7	Overview of complaints routing within the LIC Complaints Guidance for complaints notified on Part VII business post-SED	Provide clarity on complaints routing post SED
FOS Voluntary Jurisdiction (1/2)	New content for MDD version 7	Overview of EDR referral as a result of signing up to the FOS voluntary jurisdiction – applies to complaints notified on both BAU and Part VII business	To provide an overview of Lloyd's Europe's role in signing up to the voluntary FOS jurisdiction as part of the transfer to ensure that there is continued access to the UK dispute resolution process for eligible complainants.
FOS Voluntary Jurisdiction (2/2)	New content for MDD version 7	Overview of additional information required by LIC on complaints notified to LIC post-SED – applies to complaints notified on both BAU and Part VII business	
Cover holder / DCA Complaint Handling Authority	New content for MDD version 7	Overview of Cover holder / DCA complaint handling authority as a result of Recommendation 9	New content providing detail on Delegated Authority claims handling

Changes made to MDD (5/6)

Slide Title	PREVIOUS CONTENT - MDD v6.2	NEW CONTENT - MDD v7.0	Rationale for change / update / addition
Complaints Actions	What organisations, including Managing Agents, Brokers, Cover holders and DCAs need to do for i) Open / closed complaints at the scheme effective date for Part VII transferring business, ii) Complaints notified post-transfer which relate to transferred Part VII business, and iii) Notification of complaints which have transferred to Lloyd's Brussels (post-transfer)	Updated complaints actions including actions for Managing Agents, Brokers, Cover holders and DCAs in relation to i) Recommendation 9 impact on Cover holder / DCA Authority to handle Complaints, and ii) additional information requirements on complaints LIC is responsible for (BAU and Part VII)	More clarity and detail on complaints actions for market participants
Accounting Treatment and Reporting - Stages to be completed	There are 4 stages to be completed. The accounting treatment for each of the stages is set out in the slides that follow.	There are 4 stages to be completed, with all stages except stage 3 completing on 30 December 2020 (referred to as Day 1), and stage 3 completing on 4 January 2021. The accounting treatment for each of the stages is set out in the slides that follow.	Clarifying timelines for ATR Stages 1 and 3
Accounting Treatment and Reporting - Impact on Syndicates' Statutory accounts	Stage 3 - Settlement float accounts are reflected on the balance sheet as 'deposits with ceding undertakings'.	Stage 3 - Settlement float accounts are reflected on the balance sheet as 'deposits with ceding undertakings'. As the Stage 3 cash flow is taking place in 2021, this should be reflected as a 2021 transaction in the Syndicates' books and records (though disclosure of a Post Balance Sheet Event in the notes to the 2020 accounts may be considered, depending on materiality) Removed point 3 "Given the SED of 30 December 2020...In future reporting periods, movements on the transferred business will be reflected as inwards reinsurance business in the segmental analysis."	Clarifying accounting treatment for ATR Stage 3 cash flows
Accounting Treatment and Reporting - Impact on market returns		Added "Given the SED of 30 December 2020, and in line with Lloyd's guidance no movements will be processed on the transferred business on 31 December 2020... In future reporting periods, movements on the transferred business will be reflected as inwards reinsurance business in the segmental analysis."	Moved from previous slide
Accounting Treatment and Reporting - Impact on market returns (continued)	Settlement float account to be treated as deposit with cedant on the QSR/ASR 002 balance sheet and QAD/AAD.	Settlement float account to be treated as deposit with cedant on the QSR/ASR 002 balance sheet and QAD/AAD. As the settlement float account will not be established until 4 January 2021, this is not expected to be disclosed in the 2020 year-end submission.	Clarifying required disclosures for 2020 year end

Changes made to MDD (6/6)

Slide Title	PREVIOUS CONTENT - MDD v6.2	NEW CONTENT - MDD v7.0	Rationale for change / update / addition
Solvency II - AAD / QAD		For Impact to Lloyd's Europe, added "As the settlement float account will not be established until 4 January 2021, this is not expected to be disclosed in the 2020 year-end submission."	
Data Model Guidance v7.0	Data Model Guidance v5.0	Data Model Guidance v7.0	Wholesale update to Data Model Guidance to bring in line with Data Model v4.9

Changes made to MDD (1/3)

Slide Title	PREVIOUS CONTENT - MDD v7.0	NEW CONTENT - MDD v7.1	Rationale for change / update / addition
Update to required naming conventions for bureau processing on 'Mixed' and 'Unknown' binders and bulking lineslips	New content for MDD 7.1	Update on acceptance of naming conventions on bordereaux and supporting documents for 'Mixed' and 'Unknown' binders and bulking lineslips	Update to required naming conventions for bureau processing on 'Mixed' and 'Unknown' binders and bulking lineslips
Impact of Recommendation 9 for Part VII - Orphaned Coverholders (1/4)	New content for MDD 7.1	Overview of EIOPA Recommendation 9 and implications for administration of Part VII business	Impact of Recommendation 9 for Part VII - Orphaned Coverholders (1/4)
Impact of Recommendation 9 for Part VII - Orphaned Coverholders (2/4)	New content for MDD 7.1	Implications of Recommendation 9 for intermediaries	Impact of Recommendation 9 for Part VII - Orphaned Coverholders (2/4)
Impact of Recommendation 9 for Part VII - Orphaned Coverholders (3/4)	New content for MDD 7.1	IDD exemption - Claims management	Impact of Recommendation 9 for Part VII - Orphaned Coverholders (3/4)
Impact of Recommendation 9 for Part VII - Orphaned Coverholders (4/4)	New content for MDD 7.1	Orphaned Coverholders and potential solutions	Impact of Recommendation 9 for Part VII - Orphaned Coverholders (4/4)
Lloyd's Insurance Company contact teams	Mailboxes by theme for MDC, Operations and Finance	Escalation points of contact included by theme from Lloyd's Europe	Lloyd's Insurance Company contact teams
Document and data retention periods	New content for MDD 7.1	Overview of Lloyd's Europe document and data retention periods	Document and data retention periods
Waiving of default tolerance rules	New content for MDD 7.1	Process overview for waiving of default tolerance rules	Waiving of default tolerance rules
Enabling acceptance of all Bureau processed Part VII transactions	Guidance on submission of regulated FIL codes into MDC through the master files	Updated guidance on the submission of regulated FIL codes into MDC, specifically for the master supplementary file	Enabling acceptance of all Bureau processed Part VII transactions

Changes made to MDD (2/3)

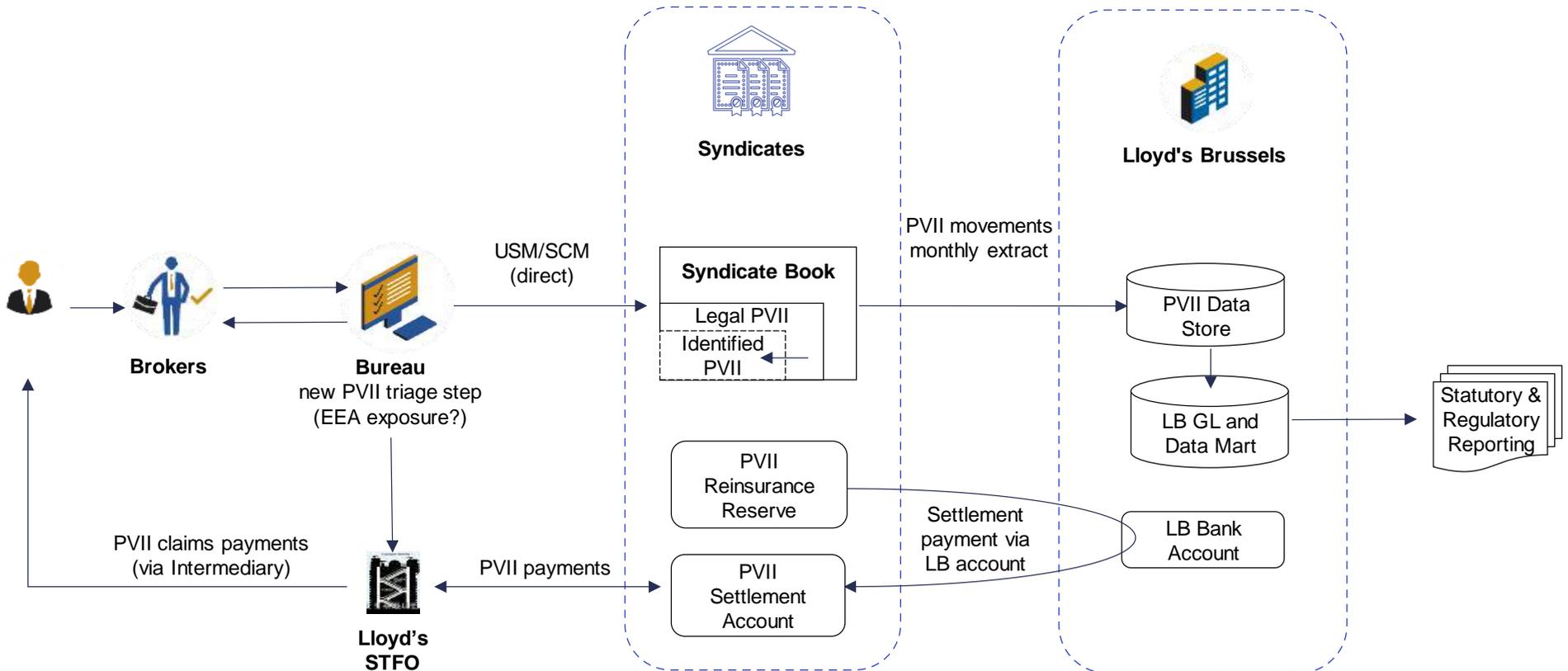
Slide Title	PREVIOUS CONTENT - MDD v7.0	NEW CONTENT - MDD v7.1	Rationale for change / update / addition
Document Request	Process overview for document requests from Lloyd's Europe	Updated details on process for document requests	Following feedback and experience in first use of the process
Dispute update	New content for MDD version 7.1	Overview of ongoing activity in relation to the disputes process	Provide context for the continuation of the 'under market consultation' stamp on the disputes slides
Master List status disputes process	New content for MDD version 7.1	Master list disputes process map	Provide process overview by actor and process step
Actions for Managing Agents	New content for MDD version 7.1	Provide an overview for the actions for Managing Agents and brokers to complete the Master List status disputes process	Additional content to explain the process and actions for amending Master List statuses
Triage outcome disputes process for new AP/RP/claims processed from 21.12.20 onwards – a) Broker / Coverholder / DCA Triage	New content for MDD version 7.1	Split of the bureau triage disputes process into where the triage error is as a result of the broker / coverholder / DCA	Split of bureau triage process
Triage outcome disputes process for new AP/RP/claims processed from 21.12.20 onwards – a) Broker / Coverholder / DCA Triage	New content for MDD version 7.1	Broker / coverholder / DCA triage error disputes process map	Provide process overview by actor and process step
Triage outcome disputes process for new OP/AP/RP/claims processed from 21.12.20 onwards – c) Bureau Triage	New content for MDD version 7.1	Split of the bureau triage disputes process into where the triage error is as a result of a DXC triage error	Split of bureau triage process
Triage outcome disputes process for new AP/RP/claims processed from 21.12.20 onwards – c) Bureau Triage	New content for MDD version 7.1	Bureau triage error disputes process map	Provide process overview by actor and process step

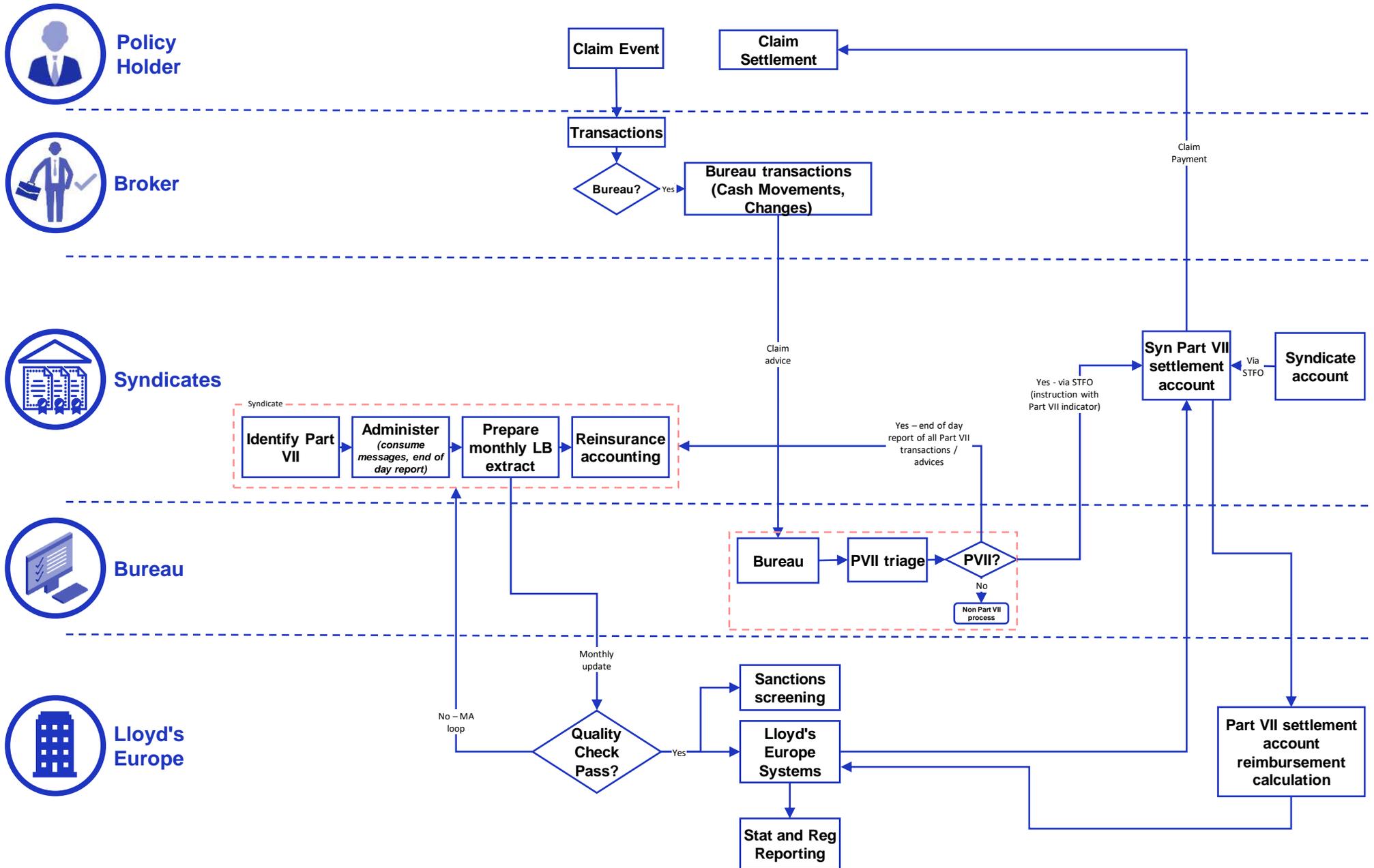
Changes made to MDD (3/3)

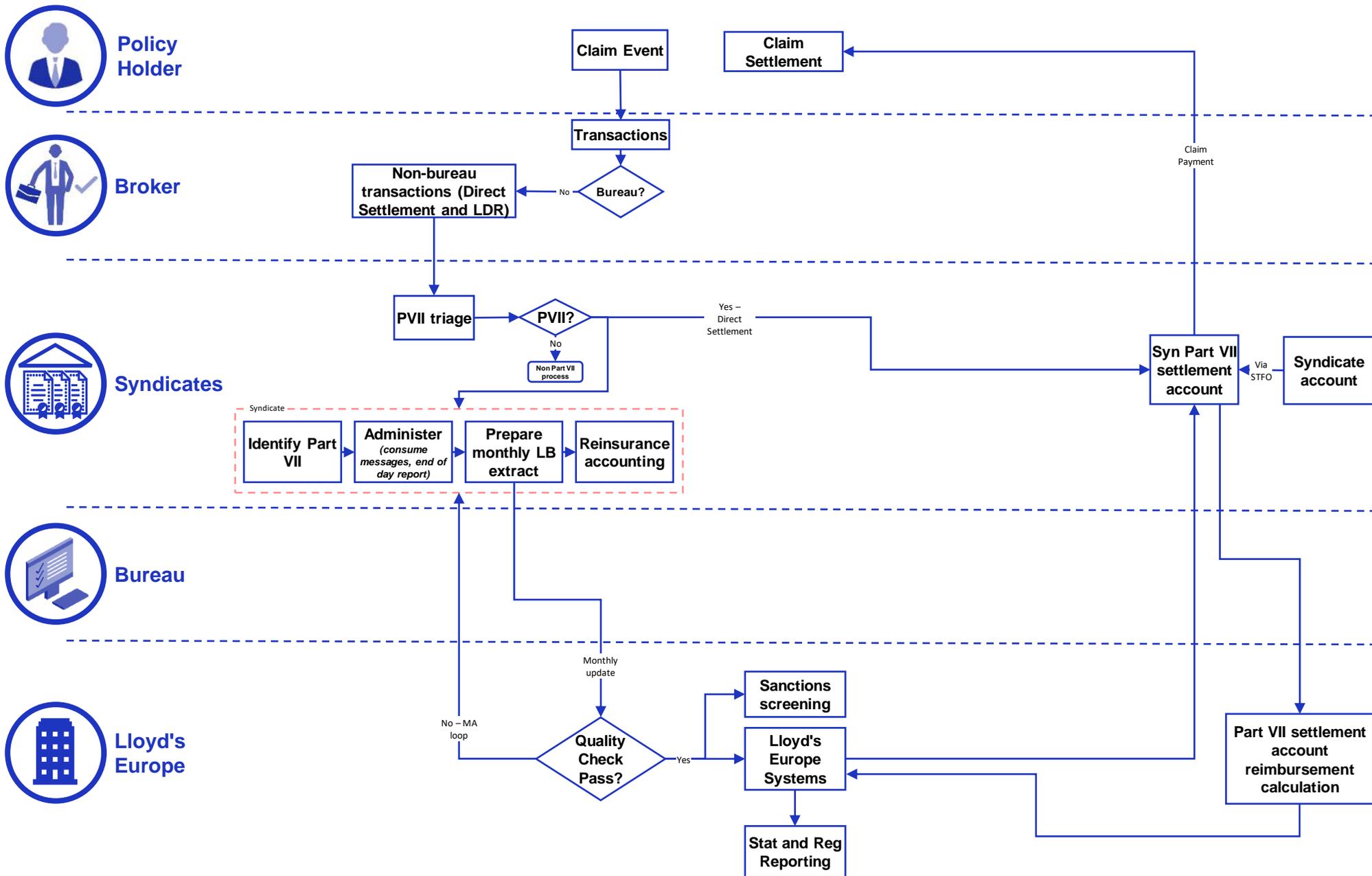
Slide Title	PREVIOUS CONTENT - MDD v7.0	NEW CONTENT - MDD v7.1	Rationale for change / update / addition
Actions for Managing Agents	New content for MDD version 7.1	Provide an overview for the actions for Managing Agents to complete for the triage disputes process	Additional content to explain the process and actions for amending an incorrect triage signing
Changes to transferring status of open CORs at SED	New content for MDD version 7.1	Changes to transferring status of open CORs at SED process map	Provide process overview by actor and process step
Write-offs of unreceived premiums	New content for MDD version 7.1	Overview of the process for how to 'write off' premiums and provide this to LIC via MDC data submissions	To support MA and Lloyd's Europe finance processes
Banking Portal Contingency Plan	New content for MDD version 7.1	Process overview for contingency measures where MAs cannot access their Part VII bank settlement accounts	Guidance on contingency process where MAs cannot access banking portal
Detailed Data Model Guidance v8.0	Detailed Data Model Guidance v7.0	Detailed Data Model Guidance v8.0; please refer to the appendix for a detailed overview of all changes in v8.0	Included as appendix for reference
Premium and Claims	New content for MDD version 7.1	Guidance on potentially disputed premium signings and claims transactions included as an appendix; previously shared with the market on 26 February from the Part 7 mailbox	Included as appendix for reference

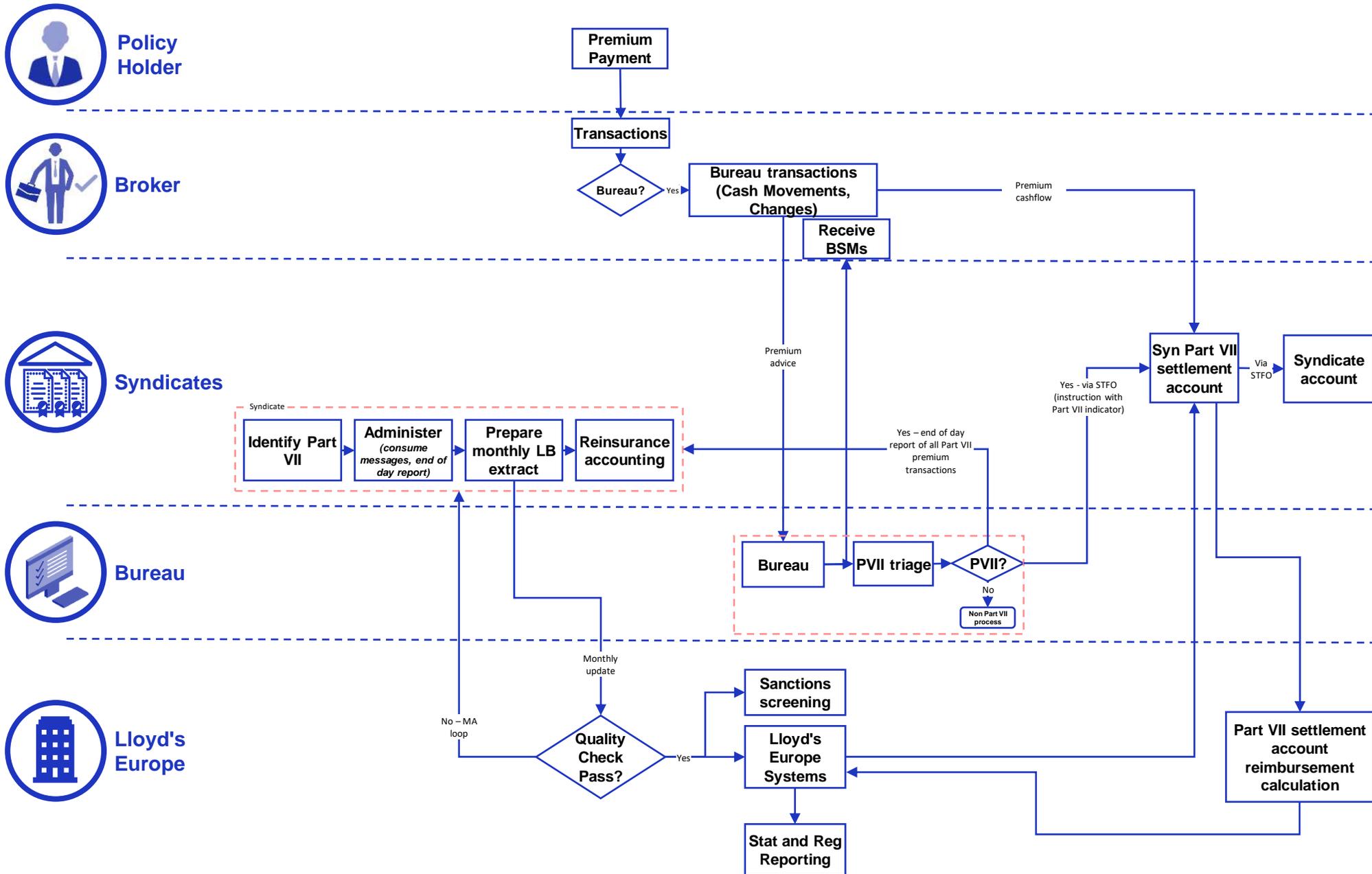
Process Maps

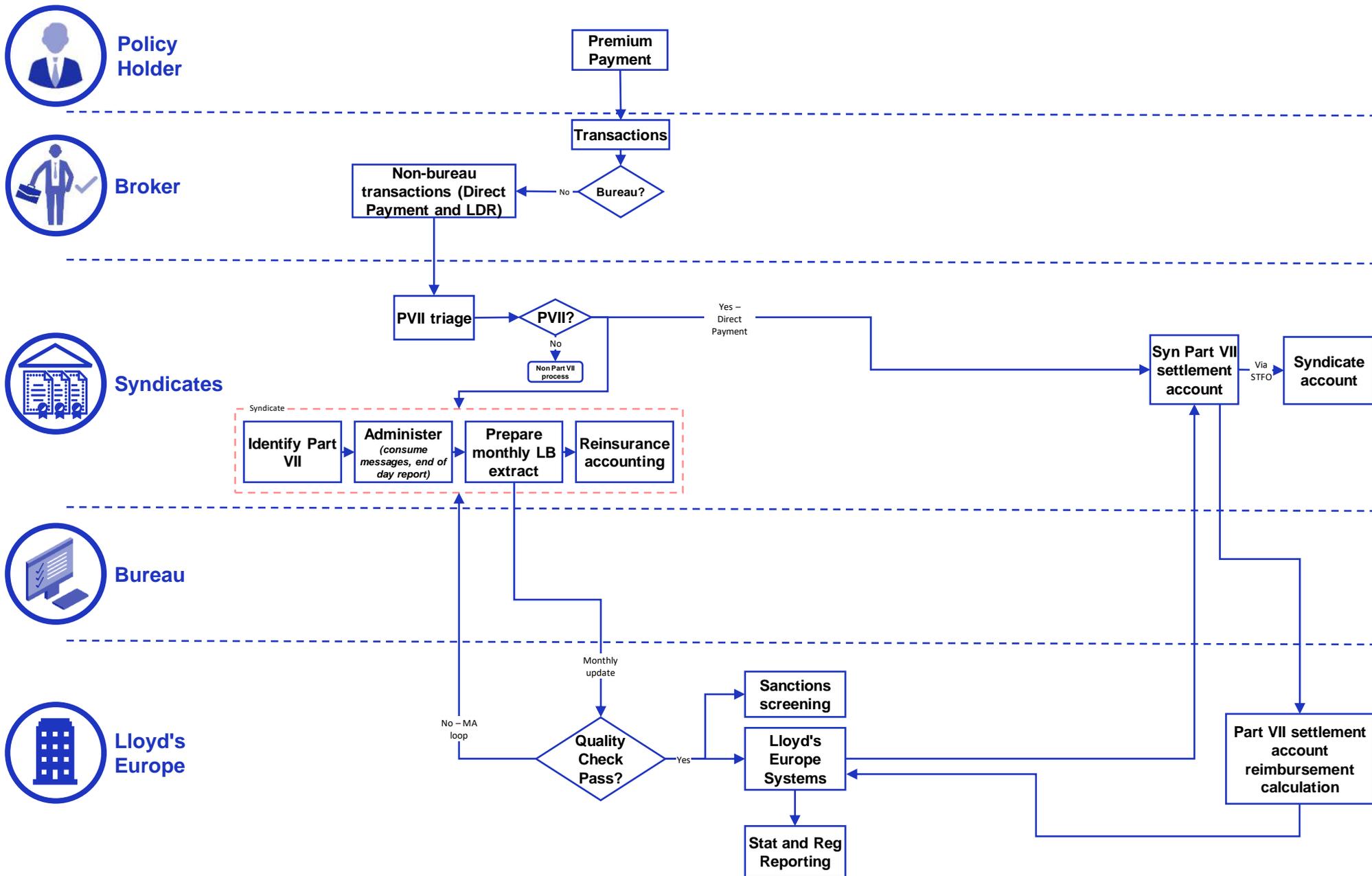
High-level Operational Framework













Policy Holder



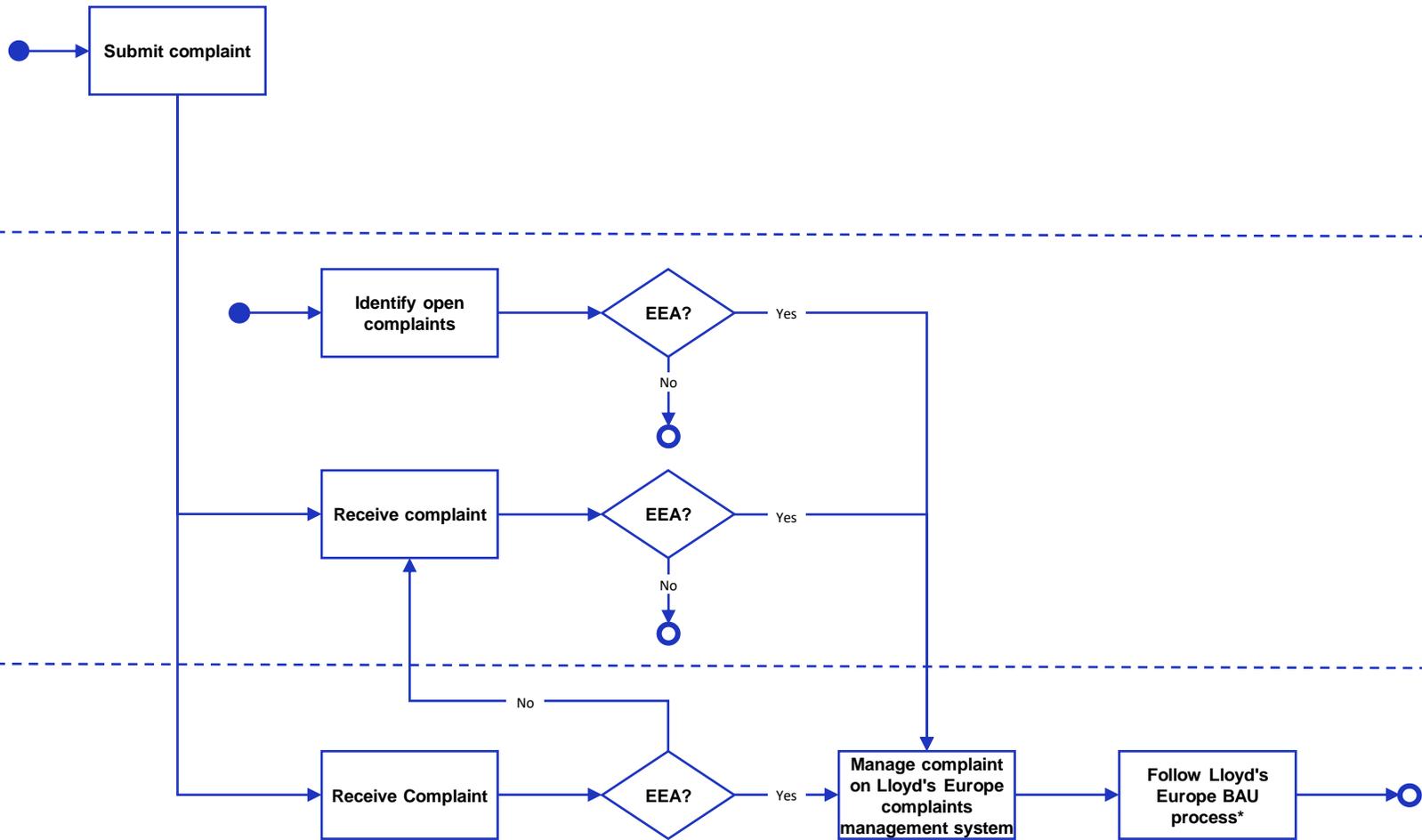
Broker



Managing Agent/
Lloyd's



Lloyd's
Europe Ops



Accounting Treatment and Reporting

Appendix 1 – Accounting entries and worked example

Accounting entries and worked example - Introduction



Hyperlink

1. Appendix 1 sets out a worked example to illustrate the accounting entries for Stages 1 and 2 and resulting income statement and balance sheet based on the accounting treatment set out [here](#) and the fact pattern
2. The worked example only includes Stages 1 and 2, as Stages 3 and 4 are relatively straightforward.
3. The assumptions underlying the worked example are set out [here](#)
4. For completeness, the worked example includes the treatment of non-cash assets transferred and the resulting impacts.
5. The worked example is intended to illustrate the following:
 - Accounting entries based on the cash transfer amount advised by Lloyd's and the balances held in the Syndicate's underlying records;
 - Impact of the accounting entries on the total income statement and balance sheet;
 - Effecting the change from the classes of business of the transferring policies prior to the transfer, to assumed reinsurance classes of business;
 - Impact of the accounting treatment on segmental analysis.
6. Given the SED of 30 December 2020, and in line with Lloyd's guidance no movements will be processed on the transferred business on 31 December 2020, the income statement items in the segmental analysis in the 2020 accounts will be reflected in the same classes of business as they were prior to SED, i.e. the segmental analysis table will not show any impact of the Part VII transfer for 2020. Disclosures will be used to explain the treatment of the Part VII transfer and reinsurance transactions in the segmental analysis.
7. For the balance sheet, post-SED, balances relating to the transferred business are reflected as assumed reinsurance business. This is effected by way of balance sheet reclassifications as set out [here](#). In future reporting periods, movements on the transferred business will be reflected as inwards reinsurance business in the segmental analysis in the notes to the accounts.

Assumptions (1 of 2)

1. This worked example is based on a dummy Syndicate, and all amounts used are for illustrative purposes only.
2. The worked example assumes that all of this Syndicate's business is in scope for Part VII transfer and that all the business before the transfer was direct insurance business, in a single class of business.
3. For simplicity this example assumes that there is no outward reinsurance (outward reinsurance would follow the same pattern as shown in this paper).
4. The value of the net transferring liabilities estimated centrally by Lloyd's is assumed to be **\$250**, and the corresponding **cash transfer** is therefore the same amount of \$250.
5. The net transferring liabilities as per the dummy Syndicate's records are **\$265** (i.e. Syndicate's own balances at SED converted into USD). In this example, it is assumed that no regular business is transacted on 30 and 31 December 2020.
6. Illustrative opening balances at 1 January 2020 have been included to complete the accounting roll-forwards.

Dummy Syndicate - Balance sheet extract <i>Amounts in USD\$</i>	Opening balances 1 January 2020	Pre-transfer balances 29 December 2020
Deferred Acquisition Costs (DAC)	7	5
Premium receivable (net of profit commission)	3	2
Transferring assets (excluding cash)	10	7
Claims outstanding (incl. IBNR)	266	256
Unearned Premium Reserve	14	16
Transferring liabilities	280	272
Net transferring liabilities		265

Assumptions (2 of 2)

7. The aggregate valuation amount provided by Lloyd's (**\$250** in this example) approximates the balances recorded on the dummy Syndicate's balance sheet (**\$265** in this example), however it will not be directly comparable for the following reasons:
- The Lloyd's valuation will be calculated at an aggregate level and will not provide policy level detail;
 - The Lloyd's valuation will not provide a split of IBNR.
8. For illustrative purposes, the following amounts have been assumed as the year-to-date transactions (**before the Part VII**), to facilitate the completeness of the accounting example:

Amounts in \$	Total	Comments
Gross premiums written	215	Illustrative YTD gross written premiums of \$215, prior to SED
Change in UPR	(2)	Increase in UPR from \$14 to \$16 (see illustrative balance sheet extract here)
Gross earned premiums	213	
Claims paid	(115)	Illustrative YTD claims paid of \$115, prior to SED
Change in claims outstanding	10	Decrease in claims o/s from \$266 to \$256 (see illustrative balance sheet extract here)
Claims incurred	(105)	
Operating expenses (including change in DAC)	(22)	Illustrative YTD operating expenses of \$20, plus change in DAC of \$2, prior to SED
Underwriting profit (loss)	86	Underwriting result, prior to SED (all relates to direct insurance business)

Accounting entries (1 of 2)

The accounting entries to record the cash transfer and reinsurance premium received are:

1. On the transfer leg, cash transferred to LIC is credited from Bank and the other side posted to the income statement as 'negative' gross written premium.
2. On the reinsurance leg, cash received from LIC in respect of reinsurance premium is debited to Bank and the other side posted to the income statement also on the gross written premium line.

The accounting entries presented below are based on the amounts as per the assumptions found [here](#)

Transfer leg:		
DR: Gross written premiums	250	I/S
CR: Cash at bank	250	B/S
<i>Being cash transferred – amount advised by Lloyd's</i>		
Reinsurance leg:		
DR: Cash at bank	250	B/S
CR: Gross written premium	250	I/S
<i>Being reinsurance premium received from LIC</i>		

Accounting entries (2 of 2)

The balance sheet reclassification entries to effect the changes in the classes of business are:

1. Record a reduction in liabilities, in the classes of business that the liabilities are transferring from (liabilities relating to previous multiple counterparties), and record a corresponding increase in the liabilities, in the classes of business that the liabilities are reinsured into (with the counterparty being LIC).
2. Record an reduction in non-cash assets related to the transferred book, from the classes of business that the non-cash assets are transferring from, and record a corresponding increase in the classes of business that the non-cash assets are assumed.

The accounting entries presented below are based on the amounts as per the assumptions on slides 18 and 19.

Balance sheet reclassification entries		
DR: Gross technical provisions – claims outstanding (direct classes of business)	256	B/S
CR: Gross technical provisions – claims outstanding (inwards reinsurance business)	256	B/S
<i>Being balance sheet reclassification of claims outstanding from direct insurance to inwards reinsurance business</i>		
DR: Gross technical provisions – UPR (direct classes of business)	16	B/S
CR: Gross technical provisions – UPR (inwards reinsurance business)	16	B/S
<i>Being balance sheet reclassification UPR from direct insurance to inwards reinsurance</i>		
DR: Debtors arising from <u>reinsurance</u> operations	2	B/S
CR: Debtors arising from <u>insurance</u> operations	2	B/S
<i>Being reclassification of premiums receivable from direct insurance to inwards reinsurance</i>		
DR: DAC (inwards reinsurance business)	5	B/S
CR: DAC (direct classes of business)	5	B/S
<i>Being reclassification of DAC from direct insurance to inwards reinsurance</i>		

Illustrative income statement and balance sheet - Incremental impact

The tables below set out the incremental impact of Stages 1 and 2 on the face of the balance sheet and the income statement. i.e. only the impact of the Part VII transfer and reinsurance transactions, but not the business transacted prior to SED. The only line items that show an impact on the face of the balance sheet is the decrease in debtors arising from insurance operations and the increase in debtors arising from reinsurance operations. All other line items have a net nil impact on the face income statement and balance sheet.

Balance sheet	\$	
Cash at bank	-	Transfer leg (-250)/Reinsurance leg (+250)
Debtors arising from <u>insurance</u> operations	(2)	Reclassification, direct (-2)
Debtors arising from <u>reinsurance</u> operations	2	Reclassification, inwards RI (+2)
DAC	-	Reclassification, direct (-5) / Reclassification, inwards RI (+5)
Technical provisions – gross	-	Reclassification, direct (-272) / Reclassification inwards RI (+272)
Total	-	

Income Statement	\$	
Gross written premiums	-	Transfer leg (-250)/ Reinsurance leg (+250)
Total	-	

Given that the transaction is not visible on the face of the income statement and the balance sheet, sufficient disclosures will need to be made in the notes to the accounts to ensure transparency of the transaction and the resulting impacts. Illustrative disclosures are set out on Appendix 2.

Income statement - segmental analysis after transfer

1. An illustrative income statement, **after the Part VII transfer and reinsurance transactions**, is presented below, with the total amounts split between direct and inward reinsurance business.
2. Slides 24 to 26 set out how the income statement items relating to direct and inwards reinsurance business have been calculated.

Amounts in USD\$	Total	Direct insurance	Inwards RI
Gross premiums written	215	215	-
Change in UPR	(2)	(2)	-
Gross earned premiums	213	213	-
Claims paid	(115)	(115)	-
Change in claims outstanding	10	10	-
Claims incurred	(105)	(105)	-
Operating expenses (including change in DAC)	(22)	(22)	-
Underwriting profit (loss)	86	86	-

3. The total profit (i.e. **\$86**) prior to SED is the same as the total profit post SED as the accounting treatment of the transfer and reinsurance transactions has a net nil impact on the income statement. Given the SED of 30 December 2020, in the 2020 statutory accounts, the income statement items in the segmental analysis will reflect the same result pre and post SED. The reinsurance premium received from LIC is reported in the same classes of business as the negative GWP (cash transfer paid on the transfer leg) to extend the economic substance argument (applied on total P&L) to P&L by class of business.

UPR roll-forward

The table below sets out the movement in UPR. Only the 'total' column is presented in the notes to the accounts. The split between 'Direct insurance' and 'Inwards RI' has been presented below for completeness and to effect the switch from direct insurance to inwards RI.

Amounts in USD\$	Total	Direct insurance	Inwards RI	Comments
UPR as at 1 January	14	14	-	The amount as at 1 January all relates to direct insurance business
Premiums written during the year	215	215	-	Cash paid on transfer and reinsurance premium received both recorded in the direct classes of business. See Note 1 below
Premiums earned	(213)	(213)	-	See Note 2 below
Reclassification	-	(16)	16	
UPR as at 31 December	16	-	16	The amount as at 31 Dec all relates to inward RI business

Note 1 - Premiums written during the year are made up of the components below, split between direct insurance and inwards reinsurance. The reinsurance premium received from LIC is reported in the same class classes of business as the negative GWP (i.e. cash transfer on the transfer leg) to extend the economic substance argument (applied on total P&L) to P&L by class of business.

	Total	Direct insurance	Inwards RI
Gross written premiums before the Part VII	215	215	-
Negative gross written premiums (cash transfer on the Part VII)	(250)	(250)	-
Reinsurance premium received from LIC	250	250	-
	215	215	-

Note 2 - Premiums earned are derived as the difference between written premiums and the movement in unearned amount during the period. All the premiums earned relate to direct insurance business. The closing UPR after the transfer (i.e. \$16 in this example) now all relates to inwards reinsurance business.

Claims outstanding roll-forward

The table below sets out the movement in claims outstanding. Only the 'total' column is presented in the notes to the accounts. The split between 'Direct insurance' and 'Inwards RI' has been presented below for completeness and to effect the switch from direct insurance to inwards RI.

Amounts in USD\$	Total	Direct insurance	Inwards RI	Comments
Claims outstanding as at 1 January	266	266	-	The amount as at 1 January all relates to direct insurance business
Claims paid during the year	(115)	(115)	-	All claims paid prior to the Part VII relate to direct insurance
Claims incurred	105	105	-	See Note 1 below
Reclassification	-	(256)	256	
Claims outstanding at 31 December	256	-	256	The amount as at 31 Dec all relates to inwards RI business

Note 1 – Total claims incurred of \$105 is derived as the difference between claims paid and the movement in outstanding claims during the period. Total claims incurred relate to direct insurance business prior to the Part VII transfer.

DAC roll-forward

The table below sets out the movement in DAC. Only the 'total' column is presented in the notes to the accounts. The split between 'Direct insurance' and 'Inwards RI' has been presented below for completeness and to effect the switch from direct insurance to inwards RI.

Amounts in USD\$	Total	Direct insurance	Inwards RI	Comments
DAC as at 1 January	7	7	-	The amount as at 1 January all relates to direct insurance business
Change in DAC	(2)	(2)	-	See note 1 below
Reclassification	-	(5)	5	
DAC as at 31 December	5	-	5	The amount as at 31 Dec all relates to inward RI business

Note 1 – The change in DAC relates to direct inwards business, prior to the Part VII transfer

Premiums receivable

Premiums receivable roll-forward is not typically presented in the notes to the accounts. The table below is presented for completeness and illustrates how the premiums receivable reflected as debtors arising from insurance operations prior to SED are then reflected as debtors arising from reinsurance operations post-SED

Amounts in USD\$	Total	Direct insurance	Inwards RI	Comments
Premiums receivable as at 1 January	3	3	-	The amount as at 1 January all relates to direct insurance business
Changes during the year	(1)	(1)	-	See note 1 below
Reclassification	-	(2)	2	
Premium receivable as at 31 December	2	-	2	The amount as at 31 Dec all relates to inward RI business

Note 1 – The change in premiums receivable is a combination of additional receivables booked and cash receipts during the year.

Appendix 2 – Illustrative disclosures

Illustrative disclosure for the Part VII transfer

On 30 December 2020, the Members and former Members of the Syndicate, as comprised for each of the relevant years of account between 1993 and April 2019 (or October 2020 in the case of German reinsurance), transferred all relevant policies (and related liabilities) underwritten by them for those years of account to Lloyd's Insurance Company S.A. ('Lloyd's Europe'), in accordance with Part VII of the Financial Services and Markets Act 2000. On the same date, the Members of the Syndicate entered into a 100% Quota Share Reinsurance Agreement whereby Lloyd's Europe reinsured all risks on the same policies back to the relevant open years of account of the Syndicate which wrote the transferring policies and/or inherited liabilities on transferring policies through Reinsurance to Close of earlier years of account.

Following the sanction of the scheme by the High Court on [] 2020, the scheme took effect on 30 December 2020 and the Members and former Members of the Syndicate transferred the impacted EEA policies and related liabilities to Lloyd's Europe, together with cash of \$[250]. On the same date, under the Reinsurance Agreement, Lloyd's Europe reinsured the same risks back, together with an equal amount of cash of \$[250]. The combined effect of the two transactions had no economic impact for the Syndicate, and accordingly there is no impact on the Syndicate's income statement or balance sheet.

Current year underwriting results for the transferred policies have been reported in the same classes of business as in prior years, as the effective date of the transfer was 30 December 2020, and in line with Society of Lloyd's guidance no movements were processed on these policies on 31 December 2020. In future years, results relating to these risks will be reported under the Inwards Reinsurance class of business, reflecting the new contractual arrangement with Lloyd's Europe.

Other disclosure considerations

Depending on the materiality of the settlement funds (included in the line item 'deposits with ceding undertakings'), Syndicates will be required choose and disclose an appropriate accounting policy. In addition Syndicates choice may choose to include a note to the accounts to explain the increase in the current period compared to prior period.

Illustrative accounting policy wording – 'Deposits with ceding undertakings are measured at cost less allowance for impairment'.

Appendix 3 – Accompanying documents

The following separate documents accompany this market guidance:

Appendix 3.1 - A form by form analysis of the QSR, ASR and ASB.

Appendix 3.2 - FAQ

.

Solvency II – ASR / QSR / ASB

Key considerations	Description
What the return is	Annual / Quarterly Solvency Returns required to be submitted by Lloyd's, prepared in accordance with the Solvency II Directive (2009/138/EC), the Delegated Act (Commission Delegated Regulation (EU) 2015/35) and EIOPA Implementing Technical Standards
Whether there are changes required as a result of Part VII	Yes – there are changes required as to how the templates are populated as a result of the Part VII transfer
If changes are required, what are they and what is the impact to Lloyd's Europe	<p>The change required in the preparation of the submission will vary by template. The categories of change identified are:</p> <ol style="list-style-type: none"> 1) No impact / change required 2) Report needs to reflect the movement / accounting treatment as a result of the Part VII transfer 3) All Part VII transferred business should now be reported as proportional inwards reinsurance business 4) Part VII transferred business now treated as Inwards Reinsurance. As a result, templates requiring only Direct business to be reported should exclude the Part VII transferred business
What the return changes mean to the MAs	<p>The MAs will need to ensure they are correctly reflecting the effects of the Part VII transfer when preparing the SII submission in accordance with the categories of change identified</p> <p>Please refer to slides 12 and 13 and the form by form analysis in Appendix 3</p>
Dependencies to other returns	The accounting treatment for S.04 and S.05 templates will need to be consistent with the treatment applied in the QMA

Solvency II – AAD / QAD

Key considerations	Description
What the return is	Annual / Quarterly Asset Data required to be submitted by Lloyd's, prepared in accordance with the Solvency II Directive (2009/138/EC), the Delegated Act (Commission Delegated Regulation (EU) 2015/35) and EIOPA Implementing Technical Standards
Whether there are changes required as a result of Part VII	Yes – there are changes required as to how the templates are populated as a result of the Part VII transfer
If changes are required, what are they and what is the impact to Lloyd's Europe	Settlement float account to be treated as deposit with cedent in the QAD/AAD to be consistent with the QSR/ASR 002 balance sheet. As the settlement float account will not be established until 4 January 2021, this is not expected to be disclosed in the 2020 year-end submission.
What the return changes mean to the MAs	<p>The MAs will need to ensure they are correctly reflecting the effects of the Part VII settlement account when preparing the SII submission</p> <p>Please refer to slides 12 and 13 and the form by form analysis in Appendix 3</p>
Dependencies to other returns	There are no dependencies with other returns

Solvency II – Risk and Claims Reporting

Key considerations	Description
What the return is	Report claims and risk information for the ASR 249 / 250 (analysis and distribution of claims) and ASR 252 (distribution of underwriting risk) forms. Report is prepared in accordance with the Solvency II Directive (2009/138/EC), the Delegated Act (Commission Delegated Regulation (EU) 2015/35) and EIOPA Implementing Technical Standards
Whether there are changes required as a result of Part VII	Yes – there are changes required as to how the information is reported as a result of the Part VII transfer
If changes are required, what are they and what is the impact to Lloyd's Europe	Those risks and claims reported on this submission will need to identify those risks and claims that have transferred as a result of the Part VII transfer
What the return changes mean to the MAs	<p>For the Part VII transferred business, the MAs will need to continue to report any risks and claims that are currently direct business. Those risks and claims that have transferred to Lloyd's Europe as a result of the Part VII will require identification</p> <p>The risks and claims that have transferred will be identified using an additional column on the template.</p>
Dependencies to other returns	N/A

Syndicate Report & Accounts

Key considerations	Description
What the return is	This return refers to the annual accounts prepared by the syndicates for the current financial year. The annual report is prepared using the annual basis of accounting as required by "Lloyd's Regulations 2008"
Whether there are changes required as a result of Part VII	Yes – whilst the Report & Accounts still need to be prepared under UK GAAP and the 2008 Regulations (and therefore the requirements do not change), syndicates will need to ensure that the Part VII transfer as well as the transactions relating to Part VII transferred policies and claims are correctly reported
If changes are required, what are they and what is the impact to Lloyd's Europe	Changes in the preparation of the Report & Accounts are required, however there is no impact to Lloyd's Europe. As such, the changes required are discussed below in the context of their impact on the MAs
What the return changes mean to the MAs	<p>Syndicates should continue to prepare the Syndicate Report & Accounts in compliance with UK GAAP, and will need to account for the Part VII transaction accordingly</p> <p>Additionally, the Part VII transferred business will now be considered inwards reinsurance business from the perspective of the syndicate and so will need to be reported as such. For example, on the balance sheet a debtor relating to Part VII transferred business that is now reinsured into the syndicate from Lloyd's Europe would now be reported as an inwards reinsurance debtor rather than a debtor from direct insurance.</p> <p>Please refer to slide 10 for details on the impacts on the Syndicate's accounts.</p>
Dependencies to other returns	Syndicate annual accounts are dependant on the QMA as both returns are required to be consistent

QMA

Key considerations	Description
What the return is	The QMA is a quarterly return produced as per Lloyd's the Underwriting Byelaw (No. 2 of 2003). The annual QMA is produced under the Solvency and Reporting Byelaw (No. 5 of 2007). Lloyd's require that each syndicate prepare a QMA on a UK GAAP basis
Whether there are changes required as a result of Part VII	Yes – whilst the QMA still needs to be prepared under UK GAAP and the Lloyd's Byelaws (and therefore the requirements do not change), syndicates will need to ensure that the Part VII transfer as well as the transactions relating to Part VII transferred policies and claims are correctly reported
If changes are required, what are they and what is the impact to Lloyd's Europe	Changes in the preparation of the QMA are required, however there is no impact to Lloyd's Europe. As such, the changes required are discussed below in the context of their impact on the MAs
What the return changes mean to the MAs	<p>Syndicates should continue to prepare the QMA in compliance with UK GAAP, and will need to account for the Part VII transaction accordingly</p> <p>Additionally, the Part VII transferred business will now be considered inwards reinsurance business from the perspective of the syndicate. For example, on the balance sheet a debtor relating to Part VII transferred business that is now reinsured into the syndicate from Lloyd's Europe would now be reported as an inwards reinsurance debtor rather than a debtor from direct insurance.</p> <p>Please refer to slides 11 and 12 for details on the impact on the QMA return.</p>
Dependencies to other returns	QMA is dependant on the syndicate annual accounts as both returns are required to be consistent

France – GAREAT Large Risk Pool

Key considerations	Description
What the return is	GAREAT large risk pool return allows syndicates to declare and submit risks reinsuring against an act of terrorism. GAREAT provides reinsurance coverage for French property risks (with fire coverage) with a total sum insured equal or above EUR 20m. Information regarding the structure of the GAREAT large risk compulsory pool is published in a Market Bulletin or e-alert each year
Whether there are changes required as a result of Part VII	No - there will be no change to the market return. The data included within the returns will relate to policies transferred due to Part VII as these policies will include risk written in EEA, but this will have no impact on how these returns are prepared going forward
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	Quantitative Reporting templates (QRT's) completed by syndicates for Lloyd's Underwriters business

France – GAREAT Small and Medium Sized Risk Pool

Key considerations	Description
What the return is	GAREAT small and medium risk pool return allows syndicates, via Lloyd's Europe participation to this scheme, to declare and submit risks written under Lloyd's Europe stamp in order to be reinsured against an act of terrorism. Participation in the GAREAT small and medium-sized risk pool is compulsory since 1 January 2019 for syndicates writing French property risks (with fire coverage) via Lloyd's Europe with a total sum insured strictly below EUR 20m. Information regarding the structure of the GAREAT small and medium sized risk compulsory pool is published in a market bulletin or e-alert each year
Whether there are changes required as a result of Part VII	No - there will be no change to the market return. The data included within the returns will relate to policies transferred due to Part VII, as these policies will include risk written in EEA and as such the return will only relate to Lloyd's Europe policies. This will have no impact on how these returns are prepared going forward
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	Quantitative Reporting templates (QRT's) completed by syndicates for Lloyd's Underwriters business

France – Reporting of Medical Legal Liability Business

Key considerations	Description
What the return is	The objective of this return is to report on medical malpractice business in France. This is compulsory for insurers providing medical malpractice insurance to health professionals for risks located in France. It is a requirement from the French Regulator, the ACPR, which uses the data to perform statistical analysis on the medical malpractice portfolio in France
Whether there are changes required as a result of Part VII	No - there will be no change to the market return. The data included within the returns will relate to policies transferred due to Part VII as these policies will include risk written in EEA, but this will have no impact on how these returns are prepared going forward
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies with other returns

France – Reporting of Trade Credit Business

Key considerations	Description
What the return is	As per article L.310-2 of the French Insurance Code, insurers writing trade credit business must complete a report for the French regulator, the Banque de France. Banque de France uses the data to perform statistical analysis on trade credit business
Whether there are changes required as a result of Part VII	No - there will be no change to the market return. The data included within the returns will relate to policies transferred due to Part VII as these policies will include risk written in EEA, but this will have no impact on how these returns are prepared going forward
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies with other returns

Ireland - Motor Gross Written Premiums

Key considerations	Description
What the return is	This return requires syndicates to provide details of total gross written motor premium and gross written motor liability premium. MIBI uses the data received from all insurers to calculate each insurer's contribution. The data provided in the return is required to be externally audited
Whether there are changes required as a result of Part VII	No - there will be no change to the market return. Any endorsements in respect of Part VII transferred policies will continue to be reported as they would be if the transfer was not taking place
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies with other returns

US Regulatory Reporting Return

Key considerations	Description
What the return is	This is the Regulatory Reporting Return required by the US Insurance Regulator for syndicates to report their US regulated business and calculate the level of assets required to be held in their US Situs trust funds
Whether there are changes required as a result of Part VII	No - there will be no change to the market return. Syndicates are expected to complete the US Regulatory Reporting return as they currently do
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies with other returns

Non-XIS Quarterly Overseas Business Returns for various territories

Key considerations	Description
What the return is	This return is produced to ensure that information related to policies and claims that were not (or will not be) processed through DXC or via the Lloyd's Direct Reporting (LDR) process are available to Lloyd's. Lloyd's uses the information to meet prudential obligations in the various territories
Whether there are changes required as a result of Part VII	No - there is no impact on the quarterly Non-XIS return. Managing Agents should continue to report all transferring business as it is currently. Part VII policy or claim transactions do not require separate identification
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies with other returns

Annual Non-XIS Return

Key considerations	Description
What the return is	This return is produced to ensure that information related to policies and claims that were not (or will not be) processed through DXC or via the Lloyd's Direct Reporting (LDR) process are available to Lloyd's. Lloyd's uses the information to meet prudential obligations worldwide. In addition, the report is required to calculate the annual UK VAT global market recovery figures and provide an audit trail for HMRC
Whether there are changes required as a result of Part VII	No - There is no impact on the annual Non-XIS return. Managing agents should continue to report all transferring business as it is currently (i.e. direct as direct). Part VII policy or claim transactions do not require separate identification
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies with other returns

Lloyd's Direct Reporting (LDR) - On Elective Basis

Key considerations	Description
What the return is	To enable participating Managing Agents to report their regulatory and tax information directly to Lloyd's for Service Company or Cover holder business where an insurer underwrites the whole risk, or 'Separate' subscription business, where an insurer underwrites part of a risk using a separate insurance document to other insurers
Whether there are changes required as a result of Part VII	Yes – there are changes required to LDR, to allow Managing Agents and the Corporation of Lloyd's to identify the transactions relating to Part VII transferred policies and claims
If changes are required, what are they and what is the impact to Lloyd's Europe	<p>The proposed change is for MAs to split the LDR submission into two – Part VII and non-Part VII transactions - using a unique naming convention to determine between each submission</p> <p>Other options considered were:</p> <ol style="list-style-type: none"> 1) Add a field to the existing LDR submission to identify Part VII transactions; 2) MAs identify Part VII transactions using an existing field
What the return changes mean to the MAs	<p>MAs will need to identify Part VII transactions for the LDR submission, to then allow them to split the submission into two – Part VII and non-Part VII transactions. A unique naming convention will be needed to allow Lloyd's to determine between the two</p> <p>The Part VII transferred policies and claims upon which transactions are reported via LDR are expected to align to those Part VII policies and claims upon which transaction are reported to Lloyd's Europe</p> <p>Given above, there is likely to be new validations required to ensure the accuracy of Part VII information provided</p>
Dependencies to other returns	There is no direct dependency with other returns

US Federal Excise Tax (FET)

Key considerations	Description
What the return is	Whilst not a return specifically provided by the Market, the US FET is completed centrally by Lloyd's on behalf of the Market. The information held internally allows Lloyd's to centrally calculate FET on reinsurance premiums both ceded and assumed involving US risks
Whether there are changes required as a result of Part VII	No – there are no changes required as a result of Part VII.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies with other returns

* This is the working hypothesis based on the expected accounting treatment for the Part VII transaction. The accounting treatment is still to be confirmed

US Qualified Intermediary Arrangements

Key considerations	Description
What the return is	The objective of this return is to ensure that the market is able to comply with its obligations under Lloyd's Qualified Intermediary agreement with the IRS. In order to ensure that the investment income included in the United States Federal Income Tax return agrees with information provided by the custodians of the assets
Whether there are changes required as a result of Part VII	No – there are no changes required as a result of Part VII. The return relates to investment income and this is not expected to be impacted by Part VII
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies with other returns

US Syndicate Information Statement (SIS)

Key considerations	Description
What the return is	The purpose of the US SIS is to allocate the worldwide results of the syndicate between the US taxable and non-taxable categories. The required categories are Illinois, Kentucky, US binding authority, other US Situs and other business. The SIS is prepared on a calendar year basis
Whether there are changes required as a result of Part VII	No – there are no changes required as a result of Part VII.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	The data reported in the US SIS return is dependant on the QMA

* This is the working hypothesis based on the expected accounting treatment for the Part VII transaction. The accounting treatment is still to be confirmed

Canada Syndicate Information Statement (SIS)

Key considerations	Description
What the return is	The purpose of the Canada SIS is to allocate the worldwide results of the syndicate between Canada taxable and non-taxable categories. The SIS is prepared on a calendar year basis
Whether there are changes required as a result of Part VII	No – there are no changes required as a result of Part VII.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies to other returns-

* This is the working hypothesis based on the expected accounting treatment for the Part VII transaction. The accounting treatment is still to be confirmed

Additional US Tax Returns

Key considerations	Description
What the return is	<p>The Additional US Tax Returns cover the following US regulatory submission completed by Lloyd's;</p> <ul style="list-style-type: none"> • BEAT Expense Declaration Form – US Federal Income Tax Return • US Expense Declaration Form – US Federal Income Tax Return • Investment Income and Capital Gains and Losses on Non-US Dollar Syndicate Funds.
Whether there are changes required as a result of Part VII	No - there are no changes to the above returns. Managing / Members agents will continue to provide the same information to Lloyd's as they normally would in respect of the above returns.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies with other returns

Singapore Tax Return

Key considerations	Description
What the return is	The objective of this return is to collect the information required to prepare Members' Singaporean income tax computations.
Whether there are changes required as a result of Part VII	No – Singapore regulated business is excluded from Part VII transfer. As such there will be no change to the market return. Syndicates are expected to complete the Singapore Tax return as they currently do.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies with other returns

TUK (UK Tax)

Key considerations	Description
What the return is	The objective of the return is to collect the information needed to produce members' UK taxation advices. The syndicate tax computation contains the necessary data to produce a consolidated taxation advice for members of Lloyd's
Whether there are changes required as a result of Part VII	No - there will be no change to the market return. Syndicates are expected to complete the TUK (UK tax) return on a consistent basis to the QMA as they currently do
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	The data reported in the TUK (UK tax) return needs to be consistent with the QMA

* This is the working hypothesis based on the expected accounting treatment for the Part VII transaction. The accounting treatment is still to be confirmed

Lloyd's Europe Standard Formula

Key considerations	Description
What the return is	Data required for Lloyd's Europe to calculate the Standard Formula capital requirement
Whether there are changes required as a result of Part VII	Yes, however the changes have already been made to the guidance to reflect Part VII in the Lloyd's Europe return via the "Standard Formula Return: 2020 Projection – Guidance & Instructions" issued and communicated to the market in June 2019. The return is already being completed by the market using the updated guidance, therefore no further changes required
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	The changes to guidance have already been made and communicated to the market last year
Dependencies to other returns	The Standard Formula return is currently captured via an excel sheet by the syndicates, then internally validated by the Risk Aggregation team in Lloyd's, for National Bank of Belgium (NBB) reporting requirements. There is no direct dependency with other returns. The current reconciliation process will continue for Standard Formula

Model Change Submissions

Key considerations	Description
What the return is	To record all changes made by syndicates to their SII models on both a quantitative and qualitative basis, and to monitor aggregation of minor to major changes across the market
Whether there are changes required as a result of Part VII	No - there are no changes required, as the template is to be completed on a whole account basis by syndicates and therefore does not consider Lloyd's Europe separately
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There is no direct dependency with other returns

Lloyd's Capital Return (LCR)

Key considerations	Description
What the return is	The objective of the return is to provide syndicate level data required for the calculation of the Society level Solvency Capital Requirement. The return is also used for collecting quantitative information for review of syndicate Solvency Capital Requirements and input to the Lloyd's Internal Model (LIM)
Whether there are changes required as a result of Part VII	No – with the business transferring to Lloyd's Europe and Lloyd's Europe now becoming the insurer (and the syndicates becoming the reinsurer of the Part VII transferred business), there are no changes the LCR return. MAs will continue to complete the LCR as they do currently
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies with other returns

Lloyd's Catastrophe Model

Key considerations	Description
What the return is	The LCM return is used to capture in-force catastrophe risk simulations. The return consists of probabilistic estimate of losses to in-force policies arising from five natural catastrophe region and peril combinations, split by the major classes of business exposed
Whether there are changes required as a result of Part VII	No - there will be no change to the market return, as the return is on a whole account basis and therefore does not require syndicates to split between Lloyd's and Lloyd's Europe
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies on other returns

Technical Provisions Data (TPD)

Key considerations	Description
What the return is	To monitor and analyse the different aspects of syndicate's profit and loss and technical provisions. Collects data at a risk code level and is the only net dataset mandated from the market at this risk code currency level. The information in the return is fundamental to the requirements of Lloyd's central Actuarial Function
Whether there are changes required as a result of Part VII	Yes – there are changes required as a result of the Part VII transfer in order to ensure that the Part VII transferred business is reported under the correct SII Class of Business given the change in transaction type resulting from the transfer
If changes are required, what are they and what is the impact to Lloyd's Europe	An additional dimension will be required in the report to identify the correct SII Class of Business
What the return changes mean to the MAs	MAs will need to complete the report so as to reflect the Part VII transferred business in the correct SII Class of Business
Dependencies to other returns	The technical provisions reported within the TPD should reconcile to those in the ASR

Gross Quarterly Data (GQD)

Key considerations	Description
What the return is	To collect quarterly premium and incurred claims information by risk code from the market at a level of detail beyond pure year. Fundamental to Lloyd's central Actuarial Function. Most of the main uses of the GQD require analysis on homogenous (risks in each class behaving in the same way) data that is credible (data volumes sufficient for valid analysis). Risk codes provide a balance between homogeneity and credibility
Whether there are changes required as a result of Part VII	Yes – there are changes required as a result of the Part VII transfer in order to ensure that the Part VII transferred business is reported correctly in the return
If changes are required, what are they and what is the impact to Lloyd's Europe	The business transferred to Lloyd's Europe will need to be reported in the GQD under a Proportional Treat transaction type code post the Part VII transfer
What the return changes mean to the MAs	MAs will need to complete the report so as to reflect the changes required.
Dependencies to other returns	There is no direct dependency with other returns

MRC - SAO

Key considerations	Description
What the return is	For the completion of the Statement of Actuarial Opinion
Whether there are changes required as a result of Part VII	No - There are no changes required to this return. The liabilities which will be transferred to Lloyd's Europe under the Part VII transfer will be 100% reinsured back to the Syndicates, and therefore there will be no change in liabilities within the scope of the opinion. The valuation of liabilities in scope of the Opinion remain on the same basis
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There is a dependency with the QMA (Form 223), the QSR / ASR (Forms 210 & 002) and as such how Syndicates will account for Part VII transfer business

Agent Expense Return

Key considerations	Description
What the return is	The submission of Agent Expense data files to Member Services to establish Member' agents fees and profit commission from their members' closing distribution profits
Whether there are changes required as a result of Part VII	No - there are no changes required, as the calculation of charges is agnostic of distribution channel (only at Members / Managing Agent level) and only in relation to forecasting prospective live underwriting year performance to determine the charges. Therefore, there will be no impact by the Part VII transfer
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There is no direct dependency with other returns

Syndicate Business Forecast (SBF)

Key considerations	Description
What the return is	The syndicate business forecast (SBF) provides information that is needed to enable Lloyd's to support the business plan approval and capital processes. The SBF Return collects data that is common to each syndicate. It does not represent the full business plan, which requires submission of additional information that is specific to syndicates and also ad-hoc requests.
Whether there are changes required as a result of Part VII	No - there will be no change to the market return, as the return is on a future, forecast basis, utilising current year data to project the next calendar year business plan and will therefore not be impacted by the Part VII transfer.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	The SBF return will be captured via the MDC system and data passed through to the Corporation Data Warehouse (CDW), which holds key master information which other returns have dependencies on i.e. QMB, PMDr and TPD. There is no direct dependency on other returns to the SBF.

QMB

Key considerations	Description
What the return is	The quarterly monitoring return is required in order to allow the SBP to identify and challenge underwriting performance which is not in line with a managing agent's approved syndicate business forecast.
Whether there are changes required as a result of Part VII	No – the proposed approach is for MAs to continue as per current instruction to report business via the London distribution channel, rather than requesting an exercise from the market to report all Part VII transferring business to the LBS distribution channel.
If changes are required, what are they and what is the impact to Lloyd's Europe	No change to the market return will impact Lloyd's Europe due to not having access to past performance data used in the QMB for the Part VII transferring business, however this will be available on a whole account basis. The Part VII Data Model will also supplement the data available to Lloyd's Europe.
What the return changes mean to the MAs	N/A
Dependencies to other returns	<p>The reforecast of the QMB return will be captured via the MDC system using built in soft validations and data passed through to the Corporation Data Warehouse (CDW) . QMB has a number of internal dependencies to enrich its ability to monitor and oversee underwriting performance from the returns below:</p> <ul style="list-style-type: none"> ▶ SBF return – includes forecast data from the 100 and 105 returns ▶ PMDr – includes actual business written monthly

Performance Management Data return (PMDr)

Key considerations	Description
What the return is	The PMDr allows the SBP to identify and challenge, in a timely manner, underwriting management and performance, which is not in line with a managing agent's business plan for a syndicate as in the approved Syndicate Business Forecast (SBF) for the return year. It collects data on the premium volumes being written, the price business is being written at relative to business plan assumptions (benchmark price) and the price change on renewed business (risk adjusted rate change). It is required to be submitted on the 15 th of each month.
Whether there are changes required as a result of Part VII	No - there will be no change to the market return, as it utilises current year data to report price movement and changes based on income that has been written in the current year to date and will therefore not be impacted by the Part VII transfer.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	The PMDr return will be captured via the MDC system via an offline validation tool and data passed through to the Corporation Data Warehouse (CDW). PMDr has an internal dependency on the SBF forecast data, to enrich its ability to monitor and oversee underwriting performance.

Realistic Disaster Scenario (RDS)

Key considerations	Description
What the return is	The objective of Lloyd's Realistic Disaster Scenario ('RDS') exercise is for managing agents to estimate the losses they would incur from a variety of hypothetical disaster scenarios, using consistent and appropriate methods and assumptions.
Whether there are changes required as a result of Part VII	No - there will be no change to the market return, as the return is on a whole account basis and therefore does not require syndicates to split between Lloyd's and Lloyd's Europe.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	The RDS return is captured via the CMR systems and data passed through to the Corporation Data Warehouse (CDW). There are no dependencies on other returns: however, some elements of the RDS return are monitored against syndicate forecasts.

Realistic Disaster Scenario Lite

Key considerations	Description
What the return is	The objective of Lloyd's Realistic Disaster Scenario 'Lite' ('RDL') exercise is for managing agents to estimate the losses they would incur from a variety of hypothetical disaster scenarios, using consistent and appropriate methods and assumptions.
Whether there are changes required as a result of Part VII	No - there will be no change to the market return, as the return is on a whole account basis and therefore does not require syndicates to split between Lloyd's and Lloyd's Europe.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	The RDL return is captured via the CMR systems and data passed through to the Corporation Data Warehouse (CDW). There are no dependencies on other returns: however, some elements of the RDL return are monitored against syndicate forecasts.

Realistic Disaster Scenario – Supplementary Information

Key considerations	Description
What the return is	A collection of exposure and other data to supplement the natural catastrophe loss estimates collected in the CMR.
Whether there are changes required as a result of Part VII	No - there will be no change to the market return, as the return is on a whole account basis and therefore does not require syndicates to split between Lloyd's and Lloyd's Europe.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies on other returns: however, some elements of the RDS and RDL Supplementary Information returns are monitored against syndicate forecasts.

LCM (Lloyd's Catastrophe Model in-force quarterly return)

Key considerations	Description
What the return is	The LCM quarterly return is a probabilistic estimate of losses to in-force policies arising from five natural catastrophe region and peril combinations, split by the major classes of business exposed
Whether there are changes required as a result of Part VII	No - there will be no change to the market return, as the return is on a whole account basis and therefore does not require syndicates to split between Lloyd's and Lloyd's Europe.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies on other returns: however, some elements are monitored against syndicate forecasts.

LCM Forecast (Lloyd's Catastrophe Model forecast return)

Key considerations	Description
What the return is	During the business-planning and capital-setting process, Lloyd's needs to have a clear understanding of projected catastrophe risk for the forthcoming calendar year at both syndicate and market levels. The Lloyd's Catastrophe Model Forecast Return is the primary means of gaining this understanding.
Whether there are changes required as a result of Part VII	No - there will be no change to the market return, as the return is on a whole account basis and therefore does not require syndicates to split between Lloyd's and Lloyd's Europe.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	There are no dependencies on other returns

Syndicate Reinsurance Structure (SRS)

Key considerations	Description
What the return is	<p>The Syndicate Reinsurance Structure (SRS) return is the core syndicate submission for reporting to Lloyd's PMD the technical information for all in-force outwards reinsurance treaty and facultative contracts that protect the syndicate.</p> <p>The information provided is used to satisfy Lloyd's internal reporting and oversight requirements and obligations, as well as enabling Lloyd's to meet the PRA's Solvency II Pillar 3 reporting requirements.</p>
Whether there are changes required as a result of Part VII	No - there will be no change to the market return, as the critical elements of the historic data reported to date by syndicates remains accurate even after the Part VII.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	<p>The SRS return is captured via the CMR system and data passed through to the Corporation Data Warehouse (CDW). There is no direct dependency with other returns.</p>

Related Parties Disclosure (RPD)

Key considerations	Description
What the return is	<p>The Related Party Declaration & Disclosure return is the core syndicate submission for reporting to Lloyd's PMD the key details of, both inwards and outwards, Related Party transactions that each syndicate has / or will be entering into; and for declaring that such does not present any conflicts of interest. Each annual return requires reporting for the expiring and current years of account.</p> <p>The information provided is used to satisfy Lloyd's internal oversight requirements and obligations, as well as enabling Lloyd's to meet PRA's regulatory requirements on this topic.</p>
Whether there are changes required as a result of Part VII	No - there will be no change to the market return, as Lloyd's syndicates would not need to report the Part VII inwards transactions as part of these submissions.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	The RPD return is captured in an excel file format, uploaded onto SecureStore then manually aggregated into tables via VBA, for all the disclosures. There is no direct dependency with other returns.

Broker Remuneration Report

Key considerations	Description
What the return is	Lloyd's requires managing agents that have entered into arrangements with a broker that involve additional payments to report on those arrangements to Lloyd's on a quarterly basis. This data is collected as part of the response to the Bribery Act and is used to produce an internal Lloyd's report to demonstrate that the market as a whole has a clear understanding of the Bribery Act and its implications for their Business.
Whether there are changes required as a result of Part VII	No - there will be no change to the market return, as the Lloyd's syndicates submit the return using current year data on a whole account basis and therefore does not require syndicates to split between Lloyd's and Lloyd's Europe.
If changes are required, what are they and what is the impact to Lloyd's Europe	N/A
What the return changes mean to the MAs	N/A
Dependencies to other returns	The Broker Remuneration data is captured in an excel file format, and uploaded onto SecureStore. The data is manually aggregated into tables via VBA and reported in Business Objects. There is no direct dependency with other returns.

Operational Data Model – Detailed Guidance

Lloyd's Part VII Transfer

Operational Data Model – Detailed Guidance

Version 9.0

This Data Model Detailed Guidance document is the final version; the Programme is now closed. This document reflects the activities conducted pre-Scheme Effective Date and the ongoing BAU activities.

Changes to Part VII Data Model Detailed Guidance from v8.0 to v9.0

Changes to Part VII Data Model Detailed Guidance

Slide Title	Previous content	New content	Rationale for change
Scope of Premium Initial Load – Declaration level	Criteria to submit Premium Declaration data to LIC	Not required anymore for the Managing Agents to provide premium declaration data via MDC	Descope of the Premium Declaration requirement
Part VII Monthly Transactions – Key Principles	Requirement to provide premium and claims declaration transactions via the monthly load process	Only claims declaration transactions must be provided via the Monthly declaration submission process	Descope of the Premium Declaration requirement
Part VII Monthly Transactions – Premium Declaration Submission	Link between the Monthly Premium Master submission and the Monthly Premium Declaration submission	The link between the Premium Master submission and the Premium Declaration submission is not applicable anymore	Descope of the Premium Declaration requirement
Part VII Transfer Date Positions & Monthly Transactions - Declaration Level submissions	Requirement to provide premium and claims declaration transactions via the monthly load process	Only claims declaration transactions must be provided via the Monthly declaration submission process	Descope of the Premium Declaration requirement
Initial Load Catch-up - Requirements within the Initial Load catch-up files	Requirement to provide premium and claims declaration transactions via the monthly load process	Only claims declaration transactions must be provided via the Monthly declaration submission process	Descope of the Premium Declaration requirement
Value of All unreconciled items	Original requirement related to the value of unreconciled item	Updated guidance based on the new cash reconciliation approach as communicated with the Market	Simplifying the cash reconciliation approach
Loss Fund Corrections – details on the correction of Loss Fund positions and movements via MDC	New content for Data Model Detailed Guidance v9.0	Summary of correction scenarios and descriptions	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Initial Load	New content for Data Model Detailed Guidance v9.0	Initial load – Scenario 1 worked example – reverse out of an incorrect submitted initial load loss fund	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021

Changes to Part VII Data Model Detailed Guidance

Slide Title	Previous content	New content	Rationale for change
Loss Fund Corrections – Initial Load (cont.)	New content for Data Model Detailed Guidance v9.0	Initial Load – scenario 2 worked example – correction of a submitted initial load loss fund measure	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Initial Load (cont.)	New content for Data Model Detailed Guidance v9.0	Initial Load – scenario 3 worked example – correction of a submitted initial load loss fund dimension	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Initial Load (cont.)	New content for Data Model Detailed Guidance v9.0	Initial Load – scenario 4 worked example – submission of a missed Loss Fund within the initial load catch-up submission	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Monthly Load	New content for Data Model Detailed Guidance v9.0	Monthly Load – scenario 5 worked example – complete reverse out of an incorrectly submitted monthly load loss fund transaction	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Monthly Load (cont.)	New content for Data Model Detailed Guidance v9.0	Monthly Load – scenario 6 worked example – correction of a submitted monthly load loss fund measure	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Monthly Load (cont.)	New content for Data Model Detailed Guidance v9.0	Monthly Load – scenario 7 worked example – correction of a submitted monthly load loss fund dimension	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021
Loss Fund Corrections – Monthly Load (cont.)	New content for Data Model Detailed Guidance v9.0	Monthly Load – scenario 8 worked example – submission of a missed Loss Fund transaction within the monthly load	Additional guidance to support with MDC submissions following Loss Fund reconciliation exercise conducted in Q3 2021

Part VII Operational Data Model – Detailed Guidance

Overview

Purpose of the Part VII Operational Data Model

Lloyd's Insurance Company, as the insurer for the Part VII business, must be compliant with all relevant laws and regulations. Obtaining and processing the relevant data is fundamental for required operational activity

- **Book of records** - Maintain a full book of record at the transfer date and to capture ongoing updates on Premiums and Claims
- **Reporting** - Meet the obligation to carry out external reporting (including regulatory, statutory, statistical and tax reporting), all of which will necessitate the collection of Part VII data.
- **Operational processes**

Purpose of this document

- To inform the build of MAs' Part VII data solutions in line with Lloyd's Europe requirements
- To address key FAQs received by the Programme

Note:

- *This document should be read in conjunction with the latest Part VII Operational Data Model and the latest version of the Market Design Document issued*

Scope of Premium Initial Load – Master & Master Supplementary

Active Policies & Expired Policies with Open Claim(s)

The scope of the Initial Load premium submissions will include premium data on:

- All active, transferring policies as well as expired policies with an open claim (see below breakdown by method of placement)
- Bureau, Lloyd's Direct Reporting and Non-Xchanging processed policies
- All direct insurance
- Inward re-insurance (Cedant domiciled in Germany) - this includes all Treaty & Facultative, Proportional & Non-Proportional forms of RI

Method of placement	Populate PVIL_016 with	Master & Master Supplementary Active Policy – Not yet expired	Master & Master Supplementary Active Policy – Expired with premium receivable*	Master & Master Supplementary Expired Policy - Open transferring claim
Open Market	OM	<ul style="list-style-type: none"> • Where a policy has not expired on scheme effective date 	<ul style="list-style-type: none"> • Where a policy is expired by scheme effective date and has outstanding premium to be collected 	<ul style="list-style-type: none"> • Where a policy is already expired by scheme effective date but has one or more open, transferring claim(s)
Binder	BIN	<ul style="list-style-type: none"> • Where a Binder has not expired on scheme effective date; • or • Where any declaration pertaining to a Binder has not expired on scheme effective date 	<ul style="list-style-type: none"> • Where a Binder is already expired by scheme effective date and has outstanding premium to be collected on at least 1 declaration 	<ul style="list-style-type: none"> • Where a Binder is already expired by scheme effective date but has one or more open, transferring claim(s) against at least 1 declaration
CH9000	BIN	<ul style="list-style-type: none"> • Same rules per Binder (see above) 		
Service Company	OM	<ul style="list-style-type: none"> • Open Market business written on the Syndicate's stamp - Same rules per Open Market (see above) • Open Market business written on the Service Company's own stamp - Same rules per Consortia (see below) 		
	BIN	<ul style="list-style-type: none"> • Binder business written on either the Syndicate's stamp or the Service Company's own stamp - Same rules per Binder (see above) 		
Bulking lineslip	LS	<ul style="list-style-type: none"> • Same rules per Binder (see above) 	<ul style="list-style-type: none"> • Same rules per Binder (see above) 	<ul style="list-style-type: none"> • Same rules per Binder (see above)
Non-bulking lineslip	OM	<p>All declarations will be treated as individual policies and captured in the Master & Master Supplementary files</p> <ul style="list-style-type: none"> • Where a policy has not expired on scheme effective date 	<p>All declarations will be treated as individual policies and captured in the Master & Master Supplementary files</p> <ul style="list-style-type: none"> • Where a policy is expired by scheme effective date and has outstanding premium to be collected 	<p>All declarations will be treated as individual policies and captured in the Master & Master Supplementary files</p> <ul style="list-style-type: none"> • Where a policy is already expired by scheme effective date but has one or more open, transferring claim(s)
Consortia	OM	<p>All policies under a consortium agreement (with a Consortium stamp) will be treated as individual policies and captured in the Master & Master Supplementary files</p> <ul style="list-style-type: none"> • Where a policy has not expired on scheme effective date 	<p>All policies under a consortium agreement (with a Consortium stamp) will be treated as individual policies and captured in the Master & Master Supplementary files</p> <ul style="list-style-type: none"> • Where a policy is expired by scheme effective date and has outstanding premium to be collected 	<p>All policies under a consortium agreement (with a Consortium stamp) will be treated as individual policies and captured in the Master & Master Supplementary files</p> <ul style="list-style-type: none"> • Where a policy is already expired by scheme effective date but has one or more open, transferring claim(s)

Scope of Premium Initial Load – Declaration Level

Active Policies & Expired Policies with Open Claim(s)

Since September 2021, Managing Agents are no longer required to submit premium declarations data via MDC to LIC. Please submit a nil premium file during the monthly declaration submission process. This means that the below table is not applicable anymore.

The scope of the Initial Load premium submissions will include premium data on:

- All active, transferring policies as well as expired policies with an open claim (see below breakdown by method of placement)
- Bureau, Lloyd's Direct Reporting and Non-Xchanging processed policies
- All direct insurance
- Inward re-insurance (Cedant domiciled in Germany) - this includes all Treaty & Facultative, Proportional & Non-Proportional forms of RI.
 - Only applicable to declarations on RI Binders, CH9000, Service Company business and Bulking Lineslips (not the schedule of policies on direct RI)

Method of placement	Declaration Level - Premium Active Policy – Not yet expired	Declaration Level - Premium Active Policy – Expired with premium receivable*	Declaration Level - Premium Expired Policy - Open transferring claim
Open Market	Not applicable		
Binder	<ul style="list-style-type: none"> • Where a declaration has not yet expired on scheme effective date 	<ul style="list-style-type: none"> • Where a declaration has expired by scheme effective date and has outstanding premium to be collected 	<ul style="list-style-type: none"> • Where a declaration has expired by scheme effective date but has one or more open, transferring claim(s)
CH9000	<ul style="list-style-type: none"> • Same rules per Binder (see above) 	<ul style="list-style-type: none"> • Same rules per Binder (see above) 	<ul style="list-style-type: none"> • Same rules per Binder (see above)
Service Company	<ul style="list-style-type: none"> • Open Market business written on the Syndicate's stamp - Same rules per Open Market (see above) • Open Market business written on the Service Company's own stamp - Same rules per Consortia (see below) 		
	<ul style="list-style-type: none"> • Binder business written on either the Syndicate's stamp or the Service Company's own stamp - Same rules per Binder (see above) 		
Bulking lineslip	<ul style="list-style-type: none"> • Same rules per Binder (see above) 	<ul style="list-style-type: none"> • Same rules per Binder (see above) 	<ul style="list-style-type: none"> • Same rules per Binder (see above)
Non-Bulking lineslip	Not applicable due to premiums being processed in a similar way to Open Market premiums (i.e. as individual policies), therefore only captured at Master and Master Supplementary Level based on the receipt of the relevant USM message from DXC		
Consortia	Not applicable due to premiums being processed in a similar way to Open Market premiums (i.e. as individual policies), therefore only captured at Master and Master Supplementary Level based on the receipt of the relevant USM message from DXC		

*At Declaration level, Gross Premium (GP-S) based on CR0021 in Coverholder Reporting Standards (v5.2) and Gross Premium received up to transfer date (derived from CR0059 per v5.2) enable the determination of the receivable balance as at scheme effective date

Premium Initial Load File Conditional Rule - Active Policies

Certain fields in the Data Model are dependent on whether or not a policy is active

- In the Premium Initial Load, there are fields which are **conditional** on policies having an **'active'** status (see slide 6 and 7 for detailed definitions)
- This recognises the challenge of sourcing certain Premium and Policy information relating to expired policies with an open claim
 - For such policies, the population of these fields will not be mandatory

	A	B	C	N
1	Field Ref	Field Pseudonym	Field Name	Mandatory / Conditional / Supply where available / Optional - Premium
2				
63	PVII_061	LCY	Limit currency	C - Required for Active Policies only*
64	PVII_062	LMT	Limit per occurrence	C - Required for Active Policies only*
65	PVII_063	SICCY	Total sum insured currency	C - Required for Active Policies only*
66	PVII_064	SINS	Total sum insured amount	C - Required for Active Policies only*
67	PVII_065	GP7T-O	Gross Premium at transfer date (Original ccy)	C - Required for Active Policies only*
69	PVII_067	GP-O	Gross Premium (Original ccy)	C - Required for Active Policies only*
70	PVII_068	GPR7-O	Gross Premium Received up to transfer date (Original ccy)	C - Required for Active Policies only*
72	PVII_070	GPR7D-O	Gross Premium Received to date (Original ccy)	C - Required for Active Policies only*
73	PVII_071	NP7T-O	Net Premium at transfer date (Original ccy)	C - Required for Active Policies only*
75	PVII_073	NWP-O	Net Premium (Original ccy)	C - Required for Active Policies only*
76	PVII_074	NPR7-O	Net Premium Received up to transfer date (Original ccy)	C - Required for Active Policies only*
78	PVII_076	NPR7D-O	Net Premium Received to date (Original ccy)	C - Required for Active Policies only*
79	PVII_077	BKP	Brokerage % of gross premium	C - Required for Active Policies only*
80	PVII_078	CCM	Coverholder commission % of gross premium	C - Required for Active Policies only*
81	PVII_079	OD7T-O	Total deductions at transfer date (Original ccy)	C - Required for Active Policies only*
83	PVII_081	OD-O	Total deductions (Original ccy)	C - Required for Active Policies only*
84	PVII_082	ODP7T-O	Total deductions Paid up to transfer date (Original ccy)	C - Required for Active Policies only*
86	PVII_084	ODP7D-O	Total deductions Paid to date (Original ccy)	C - Required for Active Policies only*
93	PVII_091	GP7T-S	Gross Premium at transfer date (Settlement ccy)	C - Required for Active Policies only*
95	PVII_093	GP-S	Gross Premium (Settlement ccy)	C - Required for Active Policies only*
96	PVII_094	GPR7-S	Gross Premium Received up to transfer date (Settlement ccy)	C - Required for Active Policies only*
98	PVII_096	GPR7D-S	Gross Premium Received to date (Settlement ccy)	C - Required for Active Policies only*
99	PVII_097	NP7T-S	Net Premium at transfer date (Settlement ccy)	C - Required for Active Policies only*
101	PVII_099	NWP-S	Net Premium (Settlement ccy)	C - Required for Active Policies only*
102	PVII_100	NPR7-S	Net Premium Received up to transfer date (Settlement ccy)	C - Required for Active Policies only*

The condition is applicable where the submission rule reads **'C – Required for Active Policies only'**

Scope of Initial Load Claim Extracts – Master & Master Supplementary

Open Claims

The scope of the Initial Load claim submissions will include data relating to:

- All open, transferring claims
 - Claims are deemed to be open where its status is marked as 'Open'
 - If there is a no explicit indication of the 'Open' status, where the outstanding indemnity/fee value is greater than zero*, it will be treated as an open claim
- Bureau, Lloyd's Direct Reporting and Non-Xchanging processed claims
- All direct insurance
- Inward re-insurance (Cedant domiciled in Germany) - this includes all Treaty & Facultative, Proportional & Non-Proportional forms of RI

Method of placement	Populate PVII_016 with	Master & Master Supplementary – Open Claim
Open Market	OM	<ul style="list-style-type: none"> • All open individual claims relating to Open Market policies
Binder	BIN	<ul style="list-style-type: none"> • All open individual or block claims (at the Master Agreement level) relating to Binders
CH9000	BIN	<ul style="list-style-type: none"> • Same rules per Binder (see above)
Service Company	OM	<ul style="list-style-type: none"> • Open Market business written on the Syndicate's stamp - Same rules per Open Market (see above) • Open Market business written on the Service Company's own stamp - Same rules per Consortia (see below)
	BIN	<ul style="list-style-type: none"> • Binder business written on either the Syndicate's stamp or the Service Company's own stamp - Same rules per Binder (see above)
Bulking lineslip	LS	<ul style="list-style-type: none"> • All open individual claims relating to Bulking lineslip policies
Non-Bulking lineslip	OM	<ul style="list-style-type: none"> • All open individual claims relating to Non-Bulking lineslip policies
Consortia	OM	<ul style="list-style-type: none"> • All open individual claims relating to Consortia policies

*Any claims with an outstanding value (COS-I-S and/or COS-F-S) but have had limited/no movement prior to transfer will need to be included in the initial load

Scope of Initial Load Claim Extracts – Declaration Level

Open Claims

The scope of the Initial Load claim submissions will include data relating to:

- All open, transferring claims
 - Claims are deemed to be open where its status is marked as 'Open'
 - If there is a no explicit indication of the 'Open' status, where the outstanding indemnity/fee value is greater than zero¹, it will be treated as an open claim
- Bureau, Lloyd's Direct Reporting and Non-Xchanging processed claims
- All direct insurance
- Inward re-insurance (Cedant domiciled in Germany) - this includes all Treaty & Facultative, Proportional & Non-Proportional forms of RI
 - Only applicable to declarations on RI Binders, CH9000, Service Company business and Bulking Lineslips (not the schedule of policies on direct RI)

Method of placement	Declaration Level ² – Open Claim
Open Market	Not applicable
Binder	<ul style="list-style-type: none"> • Open claims, always at the individual (not block) level as reported to the MA via the Coverholder Claim bordereaux
CH9000	<ul style="list-style-type: none"> • Same rules per Binder (see above)
Service Company	<ul style="list-style-type: none"> • Open Market business written on the Syndicate's stamp - Same rules per Open Market (see above) • Open Market business written on the Service Company's own stamp - Same rules per Consortia (see below)
	<ul style="list-style-type: none"> • Binder business written on either the Syndicate's stamp or the Service Company's own stamp - Same rules per Binder (see above)
Bulking lineslip	Not applicable due to claims being processed individually similar to Open Market claims, therefore only captured at Master Level based on the receipt of the relevant SCM message from DXC
Non-Bulking lineslip	Not applicable due to claims being processed individually similar to Open Market claims, therefore only captured at Master Level based on the receipt of the relevant SCM message from DXC
Consortia	Not applicable due to claims being processed individually similar to Open Market claims, therefore only captured at Master Level based on the receipt of the relevant SCM message from DXC

¹ Any claims with an outstanding value (COS-I-S and/or COS-F-S) but have had limited/no movement prior to transfer will need to be included in the initial load

² Note that the Lloyd's Bureau lead syndicate may not always necessarily be the lead claims adjuster and as such may not hold the declaration level claims information. In such cases, the syndicate which identifies themselves as the lead claims adjuster will be responsible for submitting the relevant declaration level claims data to Lloyd's Europe

Part VII Transfer Date Positions

Key Principles

The Initial Load provides an opening position for the Part VII book of records and the transactions which take place subsequent to the scheme effective date will be captured within the Monthly Submission files.

Initial Load

- Initial load data is required by Lloyd's Europe to set up the **opening positions** for Premiums and Claims
- **No transactions**¹ (historic or within the month of Part VII transfer) will be reported in the initial load file
- Opening Premium and Claim positions will take into account **transactions occurred up to the transfer date**²
- **Full scope** of active policies, expired policies with open claim(s) and all open claims must be included

Note:

1. For XIS data, Initial Load Premium and Claim positions will be consolidated at OSND and FIL code / Regulatory Risk location level and hence no reference to historic SNADs. For monthly submissions, individual transactions will indeed feature SNADs.
2. At the Master Level, deferred transactions where actual payment dates fall on either side of the transfer date will be captured accordingly. Transactions occurred prior to transfer will be factored into the opening cash positions at Initial Load. Otherwise, transactions with a post-transfer actual payment date will be captured in monthly files. At Declaration level, bordereaux data received post-transfer (e.g. in January 2021) relating to a processed pre-transfer bulk transaction (e.g. in November 2020) will need to be captured in Monthly submission files.

Part VII Monthly Transactions

Key Principles

The Initial Load provides an opening position for the Part VII book of records and the transactions which take place subsequent to the scheme effective date will be captured within the Monthly Submission files.

Monthly Submissions

- Monthly extracts will **build on the opening positions** created from the initial load
- On all active policies and open claims (as defined in slides 6-10), **any cash¹, non-cash² transactions** and **changes to premium/claim records** which occurred in the previous month (or missed off from a prior period submission) will need to be captured in the current month's submission to Lloyd's Europe³
- For Binders and Bulking Lineslips, **bulk transactions** processed (e.g. via the Bureau) may be available to the MA prior to the receipt of the Bordereaux. In which case, the supporting **Claims Declaration level data** should be provided in the Claims Declaration Level file in the subsequent month

Note:

1. For deferred premium transactions, these should be split down to 1 per instalment, and each instalment will be reported in the monthly submission after the cash movement through the Part VII settlement account – this can be determined based on Actual Payment Date (where relevant for XIS business) **and** based on a reconciliation against the bank account. For delinked signings, please refer to slide 17 for further details. Any claim payment cash transactions must also be reported in the monthly submission after the cash movement through the Part VII settlement account – this can be determined using the Actual Payment Date (where relevant for XIS business on USMs with the same SNAD as the SCM) **and** based on a reconciliation against the bank account – see slide 13 for more information on establishing a link between SCMs and USMs.
2. Non-cash transactions (which do not result in cash moving through the Part VII settlement account) such as Additional / Return premiums (for Premium) and Claim reserve movements (for Claims) are to be reported in the period (e.g. May 2021) after they are advised (e.g. April 2021)
3. Where no Premium or Claim transactions have occurred in a given period for a syndicate, a NIL submission (i.e. blank file) will be required through the DC/DQ tool. A NIL submission is also required for the Monthly Premium Declaration return.

Part VII Monthly Transactions

Additional / Return Premiums

The Data Model field 'Premium Type' (PVII_040) enables MAs to specify if a non-cash transaction results in an Additional or a Return premium. MAs are required to report these non-cash transactions as and when they occur – this means it may be in a period prior to the corresponding cash transaction (i.e. when the money moves through the Part VII Settlement Account).

Having selected either AP or RP for this field, the standard expression of either an AP or a RP would be done via a positive number. For example, Premium Type being RP and Gross Additional / Return Premium Amount (PVII_066 / PVII_092) is 1,000, this means it is a RP of 1,000.

In some cases, negative values can be populated in the Gross (and Net) Additional / Return Premium Amount fields (PVII_066, PVII_072, PVII_092, PVII_098). This is permitted where an AP or RP is reversed (as advised by DXC).

MDC Control

There is a validation in MDC to check that negative AP/RP values only occur where the version number is even in the SNAD field in Monthly Master Premium file.*

Scenario 1 – Bureau correction of RP transaction

OSND	SNAD*	Transaction Date	Premium Type	Gross Additional / Return Premium (Original ccy)	Gross Premium (Original ccy)
17278 - 17/03/2016	21894 - 10/08/2020 01	10/08/2020	RP	100	-100
17278 - 17/03/2016	21894 - 10/08/2020 02	21/08/2020	RP	-100	0
17278 - 17/03/2016	21894 - 10/08/2020 03	26/08/2020	RP	120	-120

Scenario 2 – Bureau correction of AP transaction

OSND	SNAD*	Transaction Date	Premium Type	Gross Additional / Return Premium (Original ccy)	Gross Premium (Original ccy)
17278 - 17/03/2016	21894 - 10/08/2020 01	10/08/2020	AP	100	100
17278 - 17/03/2016	21894 - 10/08/2020 02	21/08/2020	AP	-100	0
17278 - 17/03/2016	21894 - 10/08/2020 03	26/08/2020	AP	120	120

*Note that the SNAD field now includes the version number per the latest version of the Data Model

Part VII Monthly Transactions

Monthly Premium transactions - Field Granularity

As indicated on slide 25, there is a granularity difference between the Monthly transaction measures and the Monthly (and Initial Load) total position measures.

Monthly Transaction measures:

- E.g. 'Gross Premium Received this transaction' (cash), "Gross Additional / Return Premium (non-cash)
- Granularity – Lowest level of the grain: OSND + SNAD + Transaction date (Transaction level)

Monthly Total Position measures:

- E.g. 'Gross premium received up to date' (cash), "Gross Premium" (non-cash)
- Granularity – OSND and FIL level

Scenario 1 – Cash premium transaction without AP/RP

Submission Type	OSND	SNAD	Transaction Date	Premium Type	Gross Additional / Return Premium (Original ccy)	Gross Premium (original ccy)	Gross Premium received this transaction (original ccy)	Gross Premium received to date (original ccy)
Initial Load	17278 - 17/03/2016					1000		1000
Monthly Load	17278 - 17/03/2016	21894 - 05/01/2021 01	01/01/2021	OP	0	1000	100	1100
Monthly Load	17278 - 17/03/2016	21894 – 10/01/2021 01	10/01/2021	OP	0	1000	200	1300

Scenario 2 – Cash premium transaction with AP

Submission Type	OSND	SNAD	Transaction Date	Premium Type	Gross Additional / Return Premium (Original ccy)	Gross Premium (original ccy)	Gross Premium received this transaction (original ccy)	Gross Premium received to date (original ccy)
Initial Load	27278 - 17/03/2016					500		250
Monthly Load	27278 - 17/03/2016	21894 - 05/01/2021 01	21/08/2020	AP	100	600	100	350

Part VII Monthly Transactions

Monthly Premium transactions - Premium Signage – Non-cash vs Cash

The AP/RP signage rule as indicated within the Detailed Guidance (V6) on slide 14 is only applicable for the **non-cash** premium fields related to the endorsement, e.g. '**Gross Additional/Return Premium**'.

If the endorsement has a cash impact, the sign of the cash value should always be in line with what has been advised for that transaction (premium received: positive, premium paid back: negative).

Scenario 3 – Negative cash premium transaction with RP

Submission Type	OSND	SNAD	Transaction Date	Premium Type	Gross Additional / Return Premium (Original ccy)	Gross Premium (original ccy)	Gross Premium received this transaction (original ccy)	Gross Premium received to date (original ccy)
Initial Load	17278 - 17/03/2016					500		250
Monthly Load	17278 - 17/03/2016	21894 - 05/01/2021 01	05/01/2021	RP	100	400	-100	150

Scenario 4 – Negative cash premium transaction without RP

Submission Type	OSND	SNAD	Transaction Date	Premium Type	Gross Additional / Return Premium (Original ccy)	Gross Premium (original ccy)	Gross Premium received this transaction (original ccy)	Gross Premium received to date (original ccy)
Initial Load	17278 - 17/03/2016					500		250
Monthly Load	17278 - 17/03/2016	21894 - 05/01/2021 01	05/01/2021	OP	0	500	-100	150

Part VII Monthly Transactions

Original Premiums

Original premium (OP) transactions are not likely to be frequent post-SED given the nature of the Part VII book of business. However, if an OP does arise, please follow the below methodology for reporting within MDC data submissions.

1. By nature of an OP being advised following SED, this will be a brand new Primary Key and therefore would not have been submitted at the Initial Load. MAs will be required to provide a Premium Initial Load catch-up file with the new Primary Key. Given this record had not existed at SED, all Premium measure values are expected to be zero with the exception of non-SED measures (e.g. Gross Premium)
2. Submit the OP transaction as an Additional Premium (Premium Type field populated with 'AP') upon completion of step 1 above– note that the Initial Load and Monthly files are to be provided in the same MDC submission period
3. For details on the reporting of AP/RP **and** the cash transaction together or the AP/RP separate to the cash transaction, please refer to slide 15 on the application of the relevant 'Premium type' reference data

Example:

Initial Load catch-up

Syndicate Number	Risk Code	OSND	Gross Premium received up to transfer date	Gross Premium at transfer date	Gross Premium
7891	PB	17278 - 17/03/2021	0	0	200

Monthly Submission

Syndicate Number	Risk Code	OSND	SNAD	Transaction Date	Premium Type	Gross Additional/Return Premium	Gross Premium
7891	PB	17278 - 17/03/2021	17278 - 17/03/2021	19/03/2021	AP	200	200

Part VII Monthly Transactions

Delinked Transactions

Market Practice & Sequence of Messages

Delinked transactions allow the broker to submit the technical account details to XIS prior to receiving premium from the policy holder.

This results in the original advice (e.g. version 1), the reversal (e.g. version 2) and the premium advice (e.g. version 3).

For example, the original advice normally arrives in the first instance and in a subsequent period, the reversal and the premium advice will be received

Syndicate	OSND	SNAD*	Business Category (not within Data Model)	Gross Additional / Return Premium Amount	Part VII Guidance
1809	11057 - 24/04/2019	11007 - 24/04/2019 01	PRD	9,000,000	Exclude
1809	11057 - 24/04/2019	11007 - 24/04/2019 02	PRD	-9,000,000	Exclude
1809	11057 - 24/04/2019	11007 - 24/04/2019 03	PRM	9,000,000	Include

Guidance: Part VII Data Submissions

- In Monthly file submissions, please exclude all Delinked and Delinked deferred transactions (i.e. USMs with the business category PRD or DPD)
- Only submit the non-delinked transaction (i.e. cash or deferred)

*Note that the SNAD field now includes the version number per latest version of the Data Model

Part VII Monthly Transactions

Premium Declaration Submission

As of September 2021, Managing Agents are no longer required to submit premium declarations data via MDC to LIC. A nil premium declaration return must be added to the Monthly Claims Declaration submission within MDC

Reporting Closed Claims

Monthly Claim Submission

Claim closure

- The Claims Initial Load as at Scheme Effective Date will only contain data relating to claims which are **open** at the point of transfer
- When a claim closes after Scheme Effective Date, this needs to be reported in the Monthly submission file

Possible scenarios	Approach
Claim already with zero outstanding value and finally being closed	<ul style="list-style-type: none"> • Populate the relevant Claim information reflective of its closing position <ul style="list-style-type: none"> ○ Make sure Claim outstanding values (Indemnity and Fees) are indeed zero • Lead syndicates will be required to update the Claim Status (PVII_126) from 'Open' to 'Closed' in the Claim Monthly Master Supplementary file
Claim with a non-zero outstanding value and final transaction / movement results in its closure	<ul style="list-style-type: none"> • Populate the relevant Claim information reflective of its closing position • Provide the claim payment transaction and/or the change in outstanding and incurred values which lead(s) to the claim closure • Lead syndicates will be required to update the Claim Status (PVII_126) from 'Open' to 'Closed' in the Claim Monthly Master Supplementary file

Reporting Endorsement / Cancellation Fees

Non-cash total positions (Master Supplementary) & Cash transaction (Master Level)

Non-cash total position

- **Endorsement / Cancellation fee** (ECF-O / ECF-S) is reported as a total position value in the **Monthly Master Supplementary Premium file**
- In the event of an endorsement or cancellation, the **100% fee amount** incurred needs to be reported by the **Lead syndicate** – this forms the receivable against which the related cash transaction will be recognised

Unique Market Reference	OSND	SNAD	Syndicate number	Settlement Currency - Premium	Endorsement / Cancellation fee (Settlement ccy)
B0608AA195012	69023 – 16/09/2018	59525 – 16/02/2021	4321	EUR	300

Cash transaction

- Whilst there is a separate means of recording the non-cash position under the field Endorsement / Cancellation fee (ECF-O / ECF-S), any cash transaction relating to such fees must be captured within the fields **Gross Premium received this transaction (GPRTT-O / GPRTT-S)** and **Net Premium received this transaction (NPRTT-O / NPRTT-S)**
- **Lead and Follow syndicates** are required to supply the associated cash transactions in the **Monthly Master Level Premium file**
- As deductions are not applicable for endorsement or cancellation fees, the same value should be populated in both the Gross and Net premium cash transaction fields

Unique Market Reference	OSND	SNAD	Syndicate number	Lloyd's bureau leader syndicate number	Settlement Currency - Premium	Gross Premium Received this Transaction (Settlement ccy)	Net premium Received this Transaction (Settlement ccy)
B0608AA195012	69023 – 16/09/2018	59525 – 16/02/2021	4321	4321	EUR	100	100
B0608AA195012	69023 – 16/09/2018	59525 – 16/02/2021	3210	4321	EUR	100	100
B0608AA195012	69023 – 16/09/2018	59525 – 16/02/2021	2100	4321	EUR	100	100

Reporting Re-opened Claims

Monthly Claim Submission

Re-opened claims

It is possible that a claim is **re-opened** after **Scheme Effective Date** but it may or may not have been reported in the Initial Load

Possible scenarios	Approach
Claim is closed as at SED & re-opens after SED	<ul style="list-style-type: none"> The claim would not have been reported in the Initial Load as at SED Claim initial load catch-up <u>not required</u> because it was not open at SED Report claim financials (i.e. Total incurred and Paid to Date) reflective of the full claim (before closure & after re-opening) Lead syndicates will be required to update the Claim Status (PVII_126) from 'Closed' to 'Re-opened'* in the Claim Monthly Master Supplementary file
Claim closes after SED & re-opens subsequently	<ul style="list-style-type: none"> Adhere to claim closure approach as above Report claim financials (i.e. Total incurred and Paid to Date) reflective of the full claim (before closure & after re-opening) Lead syndicates will be required to update the Claim Status (PVII_126) from 'Closed' to 'Re-opened'* in the Claim Monthly Master Supplementary file

Claim status (PVII_126)

- Lead syndicates are requested to use the '**Re-opened**' status if a claim opens after closure. If there are issues preventing the use of this status, the relevant MA should still report the claim with the status '**Open**' in the Claim Monthly Master Supplementary file

Intra and Inter-month claim re-openings & closure

- If a claim re-opens and closes within the same month, MAs are requested to submit transactions which resulted in its re-opening and closure respectively
- If there are challenges which prevent the reporting of **intra-month** re-openings and closures, MAs should at a minimum report **inter-month** re-openings and closures

Part VII Transfer Date Positions & Monthly Transactions

Declaration Level Submissions

- As of 9th July 2020, the Part VII Data Model issued to MAs shows a reduced number of fields required to be supplied at Declaration Level. This is in response to queries received and proposals collated through the LMA.
- As of September 2021, **Premium Declarations are not longer required**. Therefore all premium declaration data files (initial load catch-up + monthly) should be submitted with nil returns
- The Declaration Level Data Model changes, considered within the overall portfolio transfer, have been made in accordance with the following principles:
 - Initial Load field requirements are within the scope of Coverholder Reporting Standards v1.0 (2010)
 - Monthly field requirements will be in line with Coverholder Reporting Standards v5.2 (2019) or the latest version at the time of data submission

Initial Load

- Changes to Initial Load Declaration data requirements reflect the breadth of data available in historic Claim bordereaux
- With the exception of:
 - Critical additional fields (e.g. Claim Litigation indicator)
 - Already 'Supply where available' fields
 - Part VII specific fields (e.g. Correction Indicator)
 Items requested in the Initial Load declaration level files are mapped to the Coverholder Reporting Standards v1.0
- Data validation rules within MDC will be configured accordingly



Monthly Submissions

- Changes to Monthly Declaration data requirements reflect the latest standards for Coverholder Reporting
- The Part VII programme are working on communicating the requirement to Coverholders and TPAs to enable MAs to submit the relevant Declaration data to Lloyd's Europe on an ongoing basis
- With the exception of:
 - Critical additional fields (e.g. Claim Litigation indicator)
 - Already 'Supply where available' fields
 - Part VII specific fields (e.g. Correction Indicator)
 Items requested in the Monthly declaration level files are mapped to the Coverholder Reporting Standards v5.2
- Data validation rules within MDC will be configured accordingly

For full details on which fields have been removed from the Claims declaration files, please refer to the latest version of the Part VII Data Model.

Initial Load Catch-up

MA's will provide initial load catch-up files in a number of scenarios

Scenarios	Initial Load catch-up requirements
<p>Records missing from Initial Load as at SED</p>	<p>Premium</p> <ul style="list-style-type: none"> • MA's may identify policy/premium records at Primary Key level which were in scope of the transfer, but were not reported within the initial load • If the associated OSND has an 'Unknown' transferring status on the Master List, MA's should review and submit the EEA portion only. If the Premium transaction advised post-SED is the first transaction which demonstrates transferring attributes for the OSND, submit a Premium Initial Load record and provide zero Premium as at SED positions • An initial load catch-up will be required as part of next month's submission • Any transactions missed (between transfer date and date of discovery) will be captured in the next Monthly submission file <p>Claim</p> <ul style="list-style-type: none"> • MA's may identify claim records at Primary Key level which were in scope of the transfer, but were not reported in the initial load • An initial load catch-up will be required containing as at SED positions, this is not required for Claims Declarations • Any transactions missed (between transfer date and date of identification) should be captured in the next Monthly submission file
<p>Specific data had been missing / not available in the Initial Load as at SED</p>	<p>Premium & Claim</p> <ul style="list-style-type: none"> • MA's are expected to submit all the relevant data to inform the opening position for Lloyd's Europe Part VII book of business • If specific data on records submitted had been missed off by error (but passes MDC validations), MA's will need to supply via an initial load catch-up • If a certain primary key submitted at the Initial Load represents a 'block' Premium record and subsequent Master level monthly data is now available at an individual, unblocked level, an Initial load catch-up with the newly available primary key information needs to be supplied in the form of a correction against the original 'block' record – see slide 37 for section on Corrections
<p>New claim / re-opened claim after SED</p>	<p>Premium</p> <ul style="list-style-type: none"> • MA's may come across a new or re-opened claim on an expired and inactive policy which did not come through on the initial load • If the associated OSND has an 'Unknown' transferring status on the Master List, MA's should review and submit the EEA portion only. If the Claim is the first transaction which demonstrates transferring attributes for the OSND, submit a Premium Initial Load record matching the Claim Primary Key values (inc. FIL code) and provide zero as at SED Premium positions • Catch-up file(s) will be required along with the next monthly submission <p>Claim</p> <ul style="list-style-type: none"> • MA's will report the new claim or re-opened claim in monthly extracts only • Catch-up file(s) will <u>not</u> be required • For more information on re-opened claims, see here

Note that it is the MA's responsibility to submit initial load catch-up files where necessary. Lloyd's Europe will have controls in place to pick up on 'orphaned' transactions on the basis of Primary Key values and may result in queries sent to the MA.

Initial Load Catch-up

Requirements within the Initial Load catch-up files

In each of the scenarios outlined on slide 22, the Initial Load catch-up file will follow the same requirements as each of the 6 transfer date Initial Load files – except these will contain **both** transfer date and current versions of Premium/Claim values:

- **Initial Load – Premium Master Level**
- **Initial Load – Premium Master Supplementary**
- **Initial Load – Claim Master Level**
- **Initial Load – Claim Master Supplementary**
- **Initial Load – Claim Declaration Level**

It is recognised that the position as at date of Initial Load catch-up submission may differ from that of scheme effective date. For this reason, both transfer date and 'current' date values should be reported.

In the example below, a number of fields are selected from the Initial Load – Premium Master Level file

The context of this example is as follows:

- A premium record had been missed off the transfer date Initial Load
- Had it been submitted at the transfer date Initial Load, GP7T-S and GPR7-S would have been 1000 and 800 respectively
- Now (5 months after transfer), GP-S and GPRTD-S are now 1200 and 900 respectively and will be reflected within the Initial Load catch-up

Field Pseudonym	PSCCY	GP7T-S	GP-S	GPR7-S	GPRTD-S
Field name	Settlement Currency - Premium	Gross Premium at transfer date (Settlement ccy)	Gross Premium (Settlement ccy)	Gross Premium Received up to transfer date (Settlement ccy)	Gross Premium Received to date (Settlement ccy)
Value (Example)	EUR	1000	1200	800	900

- In the same month as the Initial Load catch-up submission, the 'missing' transactions which had occurred between transfer date and the date of discovery are to be captured within the Monthly submission of the equivalent file type using Transaction Dates of when those transactions originally took place (i.e. 5 months ago)

Data Quality

Part VII data extracts will be subject to validation at the point of submission in the DC / DQ tool

- Lloyd's Europe has defined **data quality standards in order to support all downstream processes** and to enable **accurate reporting**
- MDC, the DC/DQ tool, provides **real-time data quality feedback** to MAs, requiring resolution of data quality errors and confirmation of the correctness of data items which are flagged as potential outliers (warnings)
- As part of the submission process, MAs are also required to confirm that the **data submitted reconciles with the money movement** into and out of the Part VII Settlement Account
- Lloyd's Europe conducts a **further set of validations** once the data has passed checks and been submitted
- Query & escalation processes**, where required, will underpin the end-to-end submission cycle

The DC / DQ tool provides real-time DQ feedback on each submission via:

- Errors:** if the data does not meet required standards, the data has to be corrected and re-submitted
- Warnings:** these flag potential outliers in the data relative to the entire submission / based on defined rules and have to be reviewed and the correctness of the data confirmed prior to submission

#	Data Quality Check	Generates Warning / Error?	Description
1	Data Format/Type Checks	Error	Control to check the format and completeness of the submitted data, e.g. data format / length
2	Reference Data Checks	Error	Control to check if the data items are part of the reference list (aligned with MDC existing reference data where applicable)
3	Prevailing signage	Warning / Error	Control on the expected signage of a data item to provide a warning or error to the user of potentially incorrect data being submitted
4	Threshold checks	Warning	Control to verify if any data outliers are correct; this is defined per data field and provides an indication as to whether a data item submitted is within the expected range, e.g. large additional premiums
5	Tolerance checks	Error	Control on the percentage of default values allowed per data field / file
6	Business Rules	Warning / Error	Controls to check the data consistency within the submitted record (e.g. GWP>NWP, expiry date consistent per UMR)

Please refer to the DC/DQ rules for the latest business validation rules

MOP Consistency at UMR level

Additional Guidance related to the correct use of the MOP and UMR

UMR per Method of Placement

Please make sure the correct version of the UMR is supplied within the Part VII submissions, this is dependent on the Method of Placement

Method of Placement	Method of placement to be reported within the Part VII Submission	UMR which should be supplied for a specific line in the MDC submission	
		Master / Master Supplementary Level	Declaration Level
Open Market	OM	Single UMR for the Open Market policy	<Not applicable>
Binder	BIN	Master Binding Authority Agreement UMR	Master Binding Authority Agreement UMR
Bulking Lineslip	LS	Lineslip Agreement UMR	Lineslip Agreement UMR (for <i>Premium declarations only</i>)
Non-Bulking Lineslip	OM	Individual "Open Market" policy UMR*	<Not applicable>
Consortia	OM	Individual "Open Market" policy UMR**	<Not applicable>

Method of Placement Combinations

The MOP Consistency at UMR level will include the following components:

Number	Combination	Accepted/ Not-Accepted
1	Bulking Lineslip (LS) + Binder (BIN)	Accepted
2	Consortia (CON) + Open Market (OM)	Accepted
3	Any other combination, e.g. Binder (BIN) + Open Market (OM)	Warning generated

* The Lineslip agreement UMR for non-bulking lineslips should not be provided within MDC submissions

** The Consortium agreement UMR should not be provided within MDC submissions

Primary Keys for Lloyd's Europe Book of Records

The keys defined below will be used to define the field granularity for the majority of measure fields

Uniqueness of reporting

- MAs' data submissions will be processed and stored in line with Primary Keys
- Each line of data per file must have a **unique key** – there must **not** be more than 1 line with the same combination of Primary Key values
- If multiple lines with the same key values arise (e.g. intra-day transactions or where several transactions captured under different syndicate numbers belonging to one current syndicate), MAs will be required to consolidate to a single record with the total summed amounts for these transactions

Field Granularity

- Where applicable, Initial Load positions will be reported at Primary Key grain (as far as OSND and FIL code / Regulatory risk location level)
- The same principle applies to Total position measures (e.g. Gross Premium, PVII_093) within Monthly submissions – these are not transaction specific values
- With the exception of Coverholder, Cedant and other counterparty cash transactions which are **not** premium or claims specific, all transaction measures will be reported at the grain defined within the Primary Key (i.e. down to the SNAD level)
- Other measures such as Profit Commission reserve balance (PVII_085, PVII_086), Deductible / Excess Amount (PVII_060), Limit (PVII_062), Sum insured (PVII_064) and Value of unreconciled items (PVII_191) will be reported at a different grain as defined by the composite key within the Data Model

Default values and file-specific keys

- In some cases, the full set of key fields does not apply. For example:
 - **SNAD** is relevant to Monthly Submissions only
 - **Declaration certificate reference (CER)** is relevant to Declaration Level files only
 - **Transaction Date (TD)** is relevant to Monthly submissions only
- If a field within the primary key is not applicable for a given line item, default values are permitted and must be populated (e.g. Profit Commission reserve at UMR and syndicate share level per slide 34)

Premium Key		IL - M	IL - MS	IL-D	M-M	M-MS	M-D
UMR	Unique Market Reference	Y	Y	Y	Y	Y	Y
CER	Declaration certificate reference			Y			Y
OSND	Original Signing Number & Date	Y	Y		Y	Y	
SNAD	Signing Number & Date				Y	Y	
SYN	Syndicate number	Y	Y	Y	Y	Y	Y
CRR	Carrier Reference	Y	Y		Y	Y	
RCC-P	Lloyd's Risk code - Premium	Y	Y	Y	Y	Y	Y
PFIL2	FIL code 2 - Premium	Y	Y		Y	Y	
PFIL1	FIL code 1 - Premium	Y	Y		Y	Y	
PRRL	Regulatory risk location - Premium	Y	Y	Y	Y	Y	Y
TD	Transaction Date				Y	Y	Y
POCCY	Original Currency - Premium	Y	Y	Y	Y	Y	Y
PSCCY	Settlement Currency - Premium	Y	Y	Y	Y	Y	Y
CRI	Correction Indicator	Y	Y	Y	Y	Y	Y
Claim Key		IL - M	IL - MS	IL-D	M-M	M-MS	M-D
UMR	Unique Market Reference	Y	Y	Y	Y	Y	Y
UCR	Unique Claim Reference	Y	Y		Y	Y	
CER	Declaration certificate reference			Y			Y
COR	Claim Office Reference	Y	Y		Y	Y	
MCR	Carrier Claim Reference	Y	Y		Y	Y	
CHCR	Coverholder Claim Reference			Y			Y
OSND	Original Signing Number & Date	Y	Y		Y	Y	
SNAD	Signing Number & Date				Y	Y	
SYN	Syndicate number	Y	Y	Y	Y	Y	Y
CRR	Carrier Reference	Y	Y		Y	Y	
RCC-C	Lloyd's Risk code - Claim	Y	Y	Y	Y	Y	Y
CFIL2	FIL code 2 - Claim	Y	Y		Y	Y	
CFIL1	FIL code 1 - Claim	Y	Y		Y	Y	
CRRL	Regulatory risk location - Claim	Y	Y	Y	Y	Y	Y
TD	Transaction Date				Y	Y	Y
COCCY	Original Currency - Claim	Y	Y	Y	Y	Y	Y
CSCCY	Settlement currency - Claim	Y	Y	Y	Y	Y	Y
CRI	Correction Indicator	Y	Y	Y	Y	Y	Y

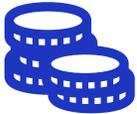
Reinsurance To Close

Principles for reporting these policies in the Part VII data extracts

Many syndicates will have undergone the Reinsurance to Close (RITC) process and there are a number of principles to be followed by MAs when populating Part VII data extracts



Part VII settlement accounts will be set up by active, current syndicate



Lloyd's Europe will top up the Part VII settlement accounts based on the movement in the bank account in the previous period, driven by the end of month bank position



Data relating to RITC policies has to be captured within the **current syndicate's extract** with the **current syndicate number** populated in the 'Syndicate Number' field (SYN)

Further information relating to [Post-SED RITCs](#) from one syndicate to another can be found in the [Finance](#) section

Value of All Unreconciled Items

Example 1 – When USMs received have not resulted in cash movements through the Part VII Settlement Account

- The guidance related to the value of unreconciled items has been updated in July 2021. This was communicated with the Market via the ‘Lloyd’s Part VII – Cash Reconciliation’ presentation. The latest version of this presentation can also be found in the MDD
- The reported net value of the unreconciled items should reflect the value of all data that needs to be added / subtracted from the data submissions, to match the cumulative data submissions for the previous 12 months with the cumulative bank account movement for the previous 12 months.
- When reconciliation issues are encountered, the unreconciled value has to be reported via the **Monthly Master Level Claim extract** at Settlement Currency level. If the account is fully reconciled, this field will normally be populated with zero
- In the example below, only the USMs that result in a cash movement in the bank account should be posted in the reported cash lines in the Part VII extract file

Bank Account

	Transaction Date	Bank Account
Opening Balance		100,000
STFO Mov	13-Jan	21,000
STFO Mov	23-Jan	14,000
Direct Settlement	25-Jan	-10,000
Month end Balance		125,000

USM No	USM Date	Gross Premium	Deductions	Net Premium
USM 1	10-Jan	20,000	5,000	15,000
USM 2	10-Jan	7,000	1,000	6,000
USM 3	20-Jan	17,000	3,000	14,000
USM 4	20-Jan	10,000	2,000	8,000
USM 5	31-Jan	4,000	500	3,500
Direct Claim Payment	25-Jan	N/A	N/A	N/A

Claim Paid
10,000

What does this mean for the Part VII data submission?

- No need to report the ‘Value of all unreconciled items’ separately
- The ‘**Value of all unreconciled items**’ field will therefore be **zero** by default in all line items within the extract
- When the **cash movements** come through at the **bank account** for 8,000 and 3,500 per USM 4 and 5 respectively (e.g. in the following month), then these can be reported in the subsequent submission(s)

Cash movement reported on extract file

Cash movement not reported on extract file because the actual cash movement did not go through the bank account

Value of All Unreconciled Items

Example 2 – Where cash movement is detected at the Part VII settlement account but no USM received

In the example, below only the USMs that result in a cash movement in the bank account should be posted and the 8,000 that has moved through the bank but does not relate to a known policy or claim movement should be reported as an unreconciled item.

Bank Account

	Transaction Date	Bank Account
Opening Balance		100,000
STFO Mov	13-Jan	21,000
STFO Mov	23-Jan	22,000
Direct Settlement	25-Jan	-10,000
Month end Balance		133,000

USM No	USM Date	Gross Premium	Deductions	Net Premium
USM 1	10-Jan	20,000	5,000	15,000
USM 2	10-Jan	7,000	1,000	6,000
USM 3	20-Jan	17,000	3,000	12,000
Unreconciled item	20-Jan			8,000
USM 5	31-Jan	4,000	500	3,500
Direct Claim Payment	25-Jan	N/A	N/A	N/A

Note on signage:

- If the total of unreconciled transactions shows a **net inflow**, this should be reported as a **positive** balance
- If the total of unreconciled transactions shows a **net outflow**, this should be reported as a **negative** balance

What does this mean for the Part VII data submission?

- Separate line** required within the Monthly Master Level Claim file
- '**Value of all unreconciled items**' field will be 8,000 in this instance
- Populate the **Transaction Date (PVII_030)** field Populate the **Transaction Date (PVII_030)** field with the final date within the transaction month
- Populate the **Settlement currency (PVII_038)** field accordingly
- For all **other fields** within the submission file, populate **with default or zero** where appropriate
- See Part VII extract templates to understand how the full line will appear

Claim Paid
10,000

- Cash movement reported on extract file
- Cash movement not reported on extract file because the actual cash movement did not go through the bank account
- Unknown movement through the bank account that cannot be reconciled and therefore reported as an unreconciled item

Value of All Unreconciled Items

Premium & Claim – Recognising net inflow & net outflow scenarios

The Value of all unreconciled items (PVII_191) as illustrated on slides 29 and 30 will be made up of individual unreconciled items across Premium and Claims. The scenarios below show what the unreconciled value should be at an individual transaction level and the associated signage where the magnitude of the movement at the bank account is different from the data reported in a given Monthly Master Level submission. The sum of these individual unreconciled items will be summed (i.e. net between positives and negatives) to make up the total unreconciled figure each month. (i.e. the balance reported should not be cumulative across months).

Event	Claim paid this transaction – Indemnity / Fee inc. VAT	Cash movement per bank statement	Value of Unreconciled Item (individual components)	Explanation
Claim reversal	0	50,000	50,000	Inflow – Value of unreconciled item is positive
Claim payment	0	-1,000	-1,000	Outflow – Value of unreconciled item is negative
Claim reversal	200	0	0	Future dated transactions should not be reported until after the money has moved through the Part VII settlement account & should not be captured under unreconciled items (see slide 27)
Claim payment	-300	0	0	
Claim reversal	400	600	200	Inflow – Claim reversal amount through the Part VII settlement account is larger than the data suggests. Value of unreconciled item is positive.
Claim reversal	600	400	-200	Outflow – Claim reversal amount through the Part VII settlement account is smaller than the data suggests. Value of unreconciled item is negative.

Event	Net Premium received this transaction	Cash movement per bank statement	Value of Unreconciled Item (individual components)	Explanation
Premium received	0	50,000	50,000	Inflow – Value of unreconciled item is positive
Premium reversal	0	-1,000	-1,000	Outflow – Value of unreconciled item is negative
Premium received	200	0	0	Future dated transactions should not be reported until after the money has moved through the Part VII settlement account & should not be captured under unreconciled items (see slide 27)
Premium reversal	-300	0	0	
Premium received	400	600	200	Inflow – Premium payment amount through the Part VII settlement account is larger than the data suggests. Value of unreconciled item is positive.
Premium received	600	400	-200	Outflow - Premium payment amount through the Part VII settlement account is smaller than the data suggests. Value of unreconciled item is negative

Bureau Coverholder / TPA Loss Fund

Further details on the reporting of Loss Fund values and movements

At the initial load:

- The '**Total Coverholder/TPA Loss Fund value**' (CRCH-S) for all Part VII transferring loss funds must be reported at Claim Office Reference (COR) level by Lead and Follow syndicates
- A separate line is required within the Master Level Claim file to capture this value at the COR level – the associated 4-digit FIL code is expected to contain a leading 'LF'

In the monthly submissions:

- Where there has been an '**Amount paid into/recovered from a Coverholder/TPA Loss Fund**' (CRCHTT-S), the paid this transaction amount and the paid to date '**Total Coverholder/TPA Loss Fund Value**' (CRCH-S) have to be provided
- A separate line is required within the Master Level Claim file to capture both values at the COR level – the associated 4-digit FIL code is expected to contain a leading 'LF'
- If no transaction of this nature has occurred in a given month, there is no requirement to restate the Total Coverholder/TPA Loss Fund value (CRCH-S)

Note: The reporting of these movements must **not** be confused with bordereaux claim reimbursements and individual above authority claim payments. **See below worked example in chronological order:**

- Loss fund value at transfer date = **€8,000**
- Month 4 post-transfer: Bordereau claim payment reimbursement = **€6,000**
- Month 5 post-transfer: Loss Fund increase payment = **€3,000**

Field Pseudonym	Field name per Data Model	Submission file types (no change)	Worked Example	Revised data dictionary definition for greater clarity
CRCH-S	Total Coverholder / TPA Loss Fund value (Settlement ccy)	Claim: Initial Load Master Level Monthly Master Level	Initial Load = €8,000 Monthly = €11,000 (reflective of Month 5 transaction)	Total Coverholder/TPA loss fund value, at COR level, in settlement currency. This represents the value of syndicate payments to the Loss Fund to date (net of any recoveries). <ul style="list-style-type: none"> • The value provided in the initial load will be reflective of the position as at transfer date • In the Monthly submission, this field will be updated to reflect any payments to / recoveries from the Loss Fund (CRCHTT-S).
CRCHTT-S	Increased Coverholder/TPA loss fund payment / recovery this transaction (Settlement ccy)	Claim: Monthly Master Level	Monthly = €3,000 (reflective of Month 5 transaction)	Movement in Coverholder/TPA loss fund, at COR level, expressed in settlement currency. <ul style="list-style-type: none"> • Positive value if the transaction represents a payment to the loss fund by the Syndicate and not relating to claim bordereaux reimbursements or individual above authority claim payments • Negative value if funds are recovered (e.g. after all binder claims have been paid)
CPTT-I-S	Claim Paid this Transaction - Indemnity (Settlement ccy)	Claim: Monthly Master Level	Monthly = €-6,000 (reflective of Month 4 – separate line)	<i>Same definition per Data Dictionary in the Data Model</i>

Non-Bureau Coverholder / TPA Loss Fund

Further details on the reporting of Loss Fund values and movements

The same principles referenced for the reporting of Bureau loss funds in slide 30 apply to LDR and Non-XIS Loss Funds

Note: The reporting of these movements must **not** be confused with bordereaux claim reimbursements and individual above authority claim payments. **See worked example on slide 30**

At the initial load:

- The '**Total Coverholder/TPA Loss Fund value**' (CRCH-S) for all Part VII transferring loss funds must be reported at the field granularity captured below
- A separate line is required within the Master Level Claim file to capture this value

In the monthly submissions:

- Where there has been an '**Amount paid into/recovered from a Coverholder/TPA Loss Fund**' (CRCHTT-S), the paid this transaction amount and the paid to date '**Total Coverholder/TPA Loss Fund Value**' (CRCH-S) have to be provided at the granularity captured below
- A separate line is required within the Master Level Claim file to capture both values
- If no transaction of this nature has occurred in a given month, there is no requirement to restate the Total Coverholder/TPA Loss Fund value (CRCH-S)

Field Granularity for reporting LDR and Non-XIS Loss Fund values & movements

Field Pseudonym	Field name per Data Model	Submission file types (no change)	Field Granularity
CRCH-S	Total Coverholder / TPA Loss Fund value (Settlement ccy)¹	Claim: Initial Load Master Level Monthly Master Level	UMR*, Syndicate Number, Regulatory Risk Location – Claim, Settlement currency
CRCHTT-S	Increased Coverholder/TPA loss fund payment / recovery this transaction (Settlement ccy)¹	Claim: Monthly Master Level	UMR*, Syndicate Number, Regulatory Risk Location – Claim, Settlement currency, Transaction Date

* Based on consultation with MAs, it is not always possible to report UMR-specific LDR / Non-XIS loss fund values and movements. If this is the case, please provide {NONE} in the UMR field. Please make sure any loss fund values are specific to Regulatory Risk Location and therefore only the EEA portion (if mixed) is submitted.

Cedant Deposits

Further details on the reporting of Cedant Deposits

Deposits to cedants are defined as assets held on a syndicate's balance sheet relating to funds advanced to the reinsured party

At the initial load:

- The '**Cash reserve balance for cedant'** (CED-S) for all cedant deposits must be reported in the Master Level Claim file at Syndicate, UMR and Settlement / Original currency level by Lead and Follow syndicates

In the monthly submissions:

- Where there has been an increase to / decrease in the cedant deposit reserve, the '**Cash paid/received this transaction to/from Cedant's account'** (CEDTT-S) and the revised '**Cash reserve balance for Cedant'** (CED-S) have to be provided at UMR and Settlement / Original currency level
- If no transaction of this nature has occurred in a given month, there is no requirement to restate the '**Cash reserve balance for Cedant'** value

Field Pseudonym	Field name per Data Model	Submission file types (no change)	Worked Example – Initial Load	Worked Example - Monthly	Data Dictionary Definition
CED-S	Cash reserve balance for Cedant (Settlement ccy) ¹	<ul style="list-style-type: none"> Initial Load Master Level Claim Monthly Master Level Claim 	Opening balance of the cedant deposit reserve: €500,000	Updated cedant deposit balance due to additional funding: €550,000	Total value of cash in settlement currency present in Cedant reserves as at transfer date (for the initial load) and as at current date (for monthly extracts). This cash reserve is made up of deposits from the reinsurer (syndicate) to the cedant in anticipation of a future claim payment.
CEDTT-S	Cash paid/received this transaction to/from Cedant's account (Settlement ccy) ¹	<ul style="list-style-type: none"> Monthly Master Level Claim 	N/A	Additional funding (positive): €50,000	Cash amount paid / received this transaction to / from the Cedant's account, expressed in settlement currency

When submitting either the CED-S or CEDTT-S values, supply as many of the relevant Primary Key attributes as possible. At minimum, the corresponding UMR, Settlement and Original currencies need to be provided

¹ – MAs are required to supply both Settlement and Original currency values. If these are the same currency, then please populate the same values in the Settlement and Original currency version of the fields respectively.

Letters of Credit

Further details on the reporting of Letters of Credit (LoCs)

Letters of Credit & Part VII

- Letters of credit (LoCs) are typically used as a means by which syndicates provide security to reinsured parties for claims the syndicates have agreed to cover
- The arrangement involves the syndicate placing an agreed amount of cash collateral on deposit with an intermediary bank, in this case Citibank. The bank then writes a Letter of Credit to the reinsured beneficiary, undertaking to pay the agreed amount when required
- Syndicates with Letters of Credit which relate to PVII transferring business will have been in touch with the Part VII Programme and syndicates will already be aware that new LoCs will be created under LIC's name - the old ones can be terminated and the associated security returned to the relevant syndicates
- The security for the new LoCs will come from the relevant Part VII settlement accounts

Monthly submissions:

- When the new LoC is created, the '**Cash paid/received this transaction to/from other counterparty's account**' (CROCTT-S) should be reported by Lead and Follow syndicates – this needs to show the value of cash which has been deposited with the bank to act as collateral and this should be at Syndicate, UMR, Year of Account and Original/Settlement currency level
- In parallel, the '**Cash reserve balance for other counterparty**' (CROC-S) should be populated with the same value as CROCTT-S upon the creation of the LoC
- Once established, the value of the LoC is not expected to change. If there are indeed any increases or decreases to the LoC value, the change in value needs to be reported under '**Cash paid/received this transaction to/from other counterparty's account**' (CROCTT-S) and the revised deposit value has to be updated in '**Cash reserve balance for other counterparty**' (CROC-S)
- If no transaction of this nature has occurred in a given month, there is no requirement to restate the '**Cash reserve balance for other counterparty**' (CROC-S) value

Field Pseudonym	Field name per Data Model	Submission file types (no change)	Worked Example – Month 4 when LoC is created	Worked Example – Month 6 if LoC value changes	Data Dictionary Definition (to be updated)
CROC-S	Cash reserve balance for other counterparty (Settlement ccy) ¹	<ul style="list-style-type: none"> • Monthly Master Level Claim 	Cash deposit made at the point of LoC being set up: €210,000	€260,000	The total value of cash collateral that a syndicate has deposited with an intermediary bank as a means of providing security to reinsured parties for claims which that syndicate has agreed to cover.
CROCTT-S	Cash paid/received this transaction to/from other counterparty's account (Settlement ccy) ¹	<ul style="list-style-type: none"> • Monthly Master Level Claim 	€210,000	€50,000	The change (increase or decrease) to the total value of cash collateral that a syndicate has deposited with an intermediary bank as a means of providing security to reinsured parties for claims which that syndicate has agreed to cover.

When submitting either the CROC-S or CROCTT-S values, supply as many of the relevant Primary Key attributes as possible and the Year of Account.

¹ – MAs are required to supply both Settlement and Original currency values. If these are the same currency, then please populate the same values in the Settlement and Original currency version of the fields respectively.

Profit Commission

Requirements for Premium Master Level Initial Load and Monthly Submission

At the initial load:

- The '**Profit Commission paid up to Transfer date**' value for all Part VII transferring policies must be reported at the grain of the primary key, per syndicate share, by Lead and Follow syndicates
- Where available, Profit Commission Reserve balances should be reported at UMR Level for the EEA portion, per syndicate share, by Lead and Follow syndicates using the '**Profit Commission reserve balance as at transfer date**' field. Otherwise, please populate with '0'

To avoid Primary Key validation errors in MDC, populate the '**Profit Commission paid up to Transfer date**' and '**Profit Commission reserve balance as at transfer date**' in the same line as the Premium record with the same Primary Key

In the monthly submissions:

- Where an amount of Profit Commission has been paid, the cash transaction itself has to be reported using the '**Profit Commission Paid this Transaction**' field at the grain of the primary key, per syndicate share, by Lead and Follow syndicates and the related updated total paid to date position should be reported using the '**Profit Commission Paid to date**' field
- Where available, any movement in the Profit Commission Reserve balances subsequent to the transfer date should be reported at UMR Level for the EEA portion, per syndicate share, by Lead and Follow syndicates using the '**Profit Commission reserve balance**' field. Otherwise, please populate with '0'

To avoid Primary Key validation errors in MDC, populate the '**Profit Commission paid this transaction**', '**Profit Commission paid to date**' and '**Profit Commission reserve balance**' in the same line as the Premium record with the same Primary Key

Field Pseudonym	Current Field Name per Data Model	Submission File Types	Data Dictionary Definition
PCR7T-S	Profit Commission reserve balance as at transfer date (Settlement ccy)*	Premium <ul style="list-style-type: none"> Initial Load Master Level 	Balance on the profit commission reserve for the coverholder as at transfer date, expressed in settlement currency
PCRTT-S	Profit Commission reserve balance (Settlement ccy)*	Premium <ul style="list-style-type: none"> Initial Load Master Level Monthly Master Level 	Latest balance as at current date on the profit commission reserve for the coverholder, expressed in settlement currency
PCP7T-S	Profit Commission paid up to transfer date (Settlement ccy)*	Premium <ul style="list-style-type: none"> Initial Load Master Level 	Amount paid to the coverholder as an incentive for profitable underwriting up to the transfer date, expressed in settlement currency
PCPTD-S	Profit Commission paid to date (Settlement ccy)*	Premium <ul style="list-style-type: none"> Initial Load Master Level Monthly Master Level 	Amount paid to date to the coverholder as an incentive for profitable underwriting, expressed in settlement currency
PCPTT-S	Profit Commission paid this Transaction (Settlement ccy)*	Premium <ul style="list-style-type: none"> Monthly Master Level 	Amount paid this transaction to the coverholder as an incentive for profitable underwriting, expressed in settlement currency

*Profit commission values are expected to come through in both Original and Settlement currency. Populate as appropriate.

Claim Recovery & Refunds

Approach for reporting recovery and refunds under claim indemnity

Previous Approach for Recovery Data submission

Under the previous Data Model design, there were separate data fields for Claim indemnity and recovery transactions. This was intended to enable Lloyd's Europe to track and record claim recoveries separately.



Revised Approach

Based on the feedback received from MAs, Recovery fields have been removed from the Data Model. As such, all claim recoveries and refunds will now be expected to be reported as part of Indemnity and in line with the following rules:

1. Any claim recovery or refund should be reported as a positive value* in **Claim Paid this Transaction – Indemnity** field with **Total Claims Paid to date – Indemnity** updated accordingly
2. The **Total Claims Incurred amount - Indemnity** field should be updated to account for the claim recovery or refund (i.e. positive movement* resulting in a reduced incurred amount)
3. No movement in **Total Claims Outstanding amount – Indemnity** field due to a claim recovery or refund as Lloyd's Europe will not be adjusting its outstanding reserves in such instances and will only be accounted for on a cash basis

The worked examples in the following slide illustrate how:

- a) A claim recovery/refund should be reported against a claim with an outstanding balance
- b) A claim recovery/refund should be reported against a claim with no outstanding balance
- c) An anticipated refund should be reported against a claim

*Claim payment transactions, claim incurred, outstanding and paid to date positions are otherwise expressed as negative values per signage rules in the Data Model

Claim Recovery & Refunds

Worked Examples

a) A claim recovery/refund reported against a claim with an outstanding balance

Event	Initial Loss	Loss Adjustment	Loss Adjustment	Claim Payment	Claim Recovery/Refund
Period	Month 1	Month 2	Month 3	Month 4	Month 5
Total Claims Incurred amount - Indemnity	- 10,000	- 15,000	- 12,000	- 12,000	- 10,000
Total Claims Outstanding amount - Indemnity	- 10,000	- 15,000	- 12,000	- 7,000	- 7,000
Claim Paid this Transaction - Indemnity				- 5,000	2,000
Total Claims Paid to date - Indemnity				- 5,000	- 3,000

b) A claim recovery/refund reported against a claim with no outstanding balance

Event	Initial Loss	Loss Adjustment	Loss Adjustment	Claim Payment	Claim Recovery/Refund
Period	Month 1	Month 2	Month 3	Month 4	Month 5
Total Claims Incurred amount - Indemnity	- 10,000	- 15,000	- 12,000	- 12,000	- 10,000
Total Claims Outstanding amount - Indemnity	- 10,000	- 15,000	- 12,000	0	0
Claim Paid this Transaction - Indemnity				- 12,000	2,000
Total Claims Paid to date - Indemnity				- 12,000	- 10,000

c) An anticipated refund against a claim not to be reported until the cash transaction is processed

Event	Initial Loss	Loss Adjustment	Loss Adjustment	Claim Payment	Notification of anticipated refund	Refund – Cash Transaction
Period	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Total Claims Incurred amount - Indemnity	- 10,000	- 15,000	- 12,000	- 12,000	No need to report the anticipated refund until it has been settled	- 10,000
Total Claims Outstanding amount - Indemnity	- 10,000	- 15,000	- 12,000	0		0
Claim Paid this Transaction - Indemnity				- 12,000		2,000
Total Claims Paid to date - Indemnity				- 12,000		- 10,000

Summary VAT Guidance for Data fields

Context

VAT Data Fields

The fields shown are required to support VAT processing and reporting in LIC. They should be completed as follows:

1. All Claims fees have to be entered into either 153 or 154 (field references in the table adjacent) depending on who the invoice is addressed to. This means that the total of these two fields is what will go through the Part VII Settlement Accounts in a given month in the form of Total Fees and any related VAT
2. Any VAT paid is entered in 155 (and also included in 153/154)
3. Any fees paid where no VAT was paid are entered in 156 (and also included in 153/154)
4. Any fees paid which are VAT exempt are entered in 157 (and also included in 153/154)

VAT Data Fields		
PVII_153	CPTT-F-S	Claim Paid this Transaction - Fees inc. VAT
PVII_154	CPTT-FNLB-S	Claim Paid this Transaction - Fees inc. VAT on invoices not addressed to Lloyd's Brussels
PVII_155	CPTT-VAT-S	Claim Paid this Transaction - VAT paid on fees
PVII_156	CPTT-F-NOVAT-S	Claim Paid this Transaction - Fees no VAT paid
PVII_157	CPTT-F-VATEX-S	Claim Paid this Transaction - Fees VAT exempt



Three worked examples are shown on the following slides. Please note that these examples are not exhaustive but are intended to support MAs with populating these fields.



We are aware that MAs continue to engage with other parties regarding potential solutions to source the data needed to complete these fields in MDC submissions. These discussions are being held separately from the Programme team and are not discussed further in this document. *However, Lloyd's and the LMA are discussing alternative elective market solutions*

Summary VAT Guidance for Data fields

Worked Example 1

Example 1

Total fees paid in the month of EUR 1000 with the following breakdown:

- Total claim fee and VAT paid – EUR 1000 (all address to Lloyd's Europe – LIC)
- VAT Amount Paid – EUR 100
- Fees paid where no VAT – EUR 500
- Fees paid which are VAT exempt – Nil

The above means that there are EUR 400 of Fees where VAT was applicable and there was EUR 100 of VAT paid on this (i.e. 20%)

	Field Name	Value
153	Claim paid this transaction – Fees inc. VAT for invoices addressed to Lloyd's Europe	EUR 1000
154	Claim paid this transaction – Fees inc. VAT for invoices not addressed to Lloyd's Europe	Default value (because not relevant)
155	Claim paid this transaction – VAT paid on Fees	EUR 100
156	Claim paid this transaction – Fees no VAT paid	EUR 500
157	Claim paid this transaction – Fees VAT exempt	Default value (because not relevant)

Summary VAT Guidance for Data fields

Worked Example 2

Example 2

Total fees paid in the month of EUR 1000 with the following breakdown:

- Total claim fee and VAT paid – EUR 1000 (all address to Lloyd's Europe – LIC)
- VAT Amount Paid – EUR 100
- Fees paid where no VAT – Nil
- Fees paid which are VAT exempt – EUR 500

The above means that there are EUR 400 of Fees where VAT was applicable and there was EUR 100 of VAT paid on this (i.e. 20%)

	Field Name	Value
153	Claim paid this transaction – Fees inc. VAT for invoices addressed to Lloyd's Europe	EUR 1000
154	Claim paid this transaction – Fees inc. VAT for invoices not addressed to Lloyd's Europe	Default value (because not relevant)
155	Claim paid this transaction – VAT paid on Fees	EUR 100
156	Claim paid this transaction – Fees no VAT paid	Default value (because not relevant)
157	Claim paid this transaction – Fees VAT exempt	EUR 500

Summary VAT Guidance for Data fields

Worked Example 3

Example 3

Total fees paid in the month of EUR 1000 with the following breakdown:

- Total claim fee and VAT paid – EUR 1000 (EUR 800 addressed to Lloyd's Europe – LIC and EUR 200 not addressed to LIC)
- VAT Amount Paid – EUR 160
- Fees paid where no VAT – EUR 100
- Fees paid which are VAT exempt – EUR 100

Any fees paid which are VAT exempt are entered in 157 (and also included in 153/154)

The above means that there are EUR 640 of Fees where VAT was applicable and there was EUR 160 of VAT paid on this (i.e. 20%)

	Field Name	Value
153	Claim paid this transaction – Fees inc. VAT for invoices addressed to Lloyd's Europe	EUR 800
154	Claim paid this transaction – Fees inc. VAT for invoices not addressed to Lloyd's Europe	EUR 200
155	Claim paid this transaction – VAT paid on Fees	EUR 160
156	Claim paid this transaction – Fees no VAT paid	EUR 100
157	Claim paid this transaction – Fees VAT exempt	EUR 100

Corrections

Context & Submission File Types

When are Corrections required?

- Where a MA discovers an inaccurate data submission made in the current or prior period , there is a standard correction process to be applied:
 - A current period correction may be necessary if after the 10 working day (WD) window the MA needs to make a correction, based on detective controls feedback from Lloyd's Europe or MAs' own identification of an error made. This will require a request to Lloyd's Europe.
 - Beyond WD17, MAs wishing to supply corrections will do so in the following month's submission
- A correction is applicable when the wrong value had been supplied in a file which has gone through to 'submitted' status on MDC
- A transaction which takes place in the normal course of business (e.g. a claim reversal or a revised claim reserve value) does not count as a correction

Corrections in the context of submission file types

- If the correction is needed on an **Initial Load file**, the corrected data should be submitted within an **Initial Load catch-up file** (see slide 22)
- If the correction is needed on a **Monthly file**, the corrected data can be captured within the **next Monthly submission** along with all other standard transactions
- It is possible for a correction to be made on both an Initial Load and Monthly file. This would result in an **Initial Load catch-up file** and correction lines included in the **next Monthly submission** along with transactions for that month

File type – Incorrect Data	File type – Correction(s)	Scenario
Initial Load	Initial Load Catch-up	Required when the SED position supplied was incorrect. An Initial Load catch-up with the supply of relevant Correction lines can remediate the SED position.
Monthly	Monthly	Required when data in a prior monthly submission was incorrect and has no effect on the SED position
Initial Load + Monthly	Initial Load Catch-up + Monthly	Required when both the SED position and subsequent transactions supplied need amendment

- Corrections can be supplied within **Master level, Master Supplementary and Declaration level files**

Corrections

Correction Indicator, Transaction Date, Dimensions & Measures

How will the Correction Indicator be used?

- Any field within the Data Model may be subject to correction*
- The Correction indicator will be treated as a reference data field and the permitted values are as follows:

Correction Indicator – Reference Data	Description
S	Standard
C	Contra
R	Replace

If the need for a correction has been identified, this will usually require a Contra (C) line followed by a Replace (R) line.

What Transaction Date should be used in C & R lines?

- Unless the Transaction Date is being corrected, both 'Contra' and 'Replace' lines must have the same Transaction Date as the 'Standard' line
- If the Transaction Date is indeed subject to correction, the 'Contra' line will have the same Transaction Date as the 'Standard' line but revised in the 'Replace' line (see slide 39 regarding Primary Key correction – except no Initial Load catch-up required)

Differentiating between Dimensions and Measures

- The approach to corrections will vary depending on whether the field being corrected is a Measure or Dimension. Per latest version of the Data Model, the distinction is called out in column E
- Corrections will usually apply to a single field. Should multiple fields need to be corrected (Dimensions and / or Measures), this can be communicated via one set of correction. Note that the same rules for each field type will apply for the C and R lines
 - Slides 40-42 & 44-46 provide in-depth explanation on how to apply the C and R principles for Dimensions and Measures respectively
 - Slides 47-48 illustrate how the principles can be combined for a single set of correction

*Exceptions are Corrections Indicator (PVII_195), Syndicate Unique Reference (PVII_193), Source Systems (PVII_192) & Value of all unreconciled items (PVII_191)

Corrections – Dimensions

Contra & Replace Principles

If the field that is subject to correction is a Dimension field, it would fall into one of the 3 categories below – please see slides 40-42 for worked examples

A. Primary Key (as defined on slide 24)

B. Not Primary Key & Transaction Specific

C. Not Primary Key & not Transaction Specific

Please refer to the latest version of the Data Model (Column F) to verify the category associated with each Dimension field

	Dimension	Dimension	Dimension
	A. Primary Key	B. Not primary key & transaction specific	C. Not primary key & not transaction specific
File type(s)	Initial Load only / Initial & Monthly	Monthly only	Monthly only
Example	<i>Risk code</i>	<i>Endorsement effective date</i>	<i>Policy inception date</i>
Features of the Contra line	No change to Primary Key dimensions (including Transaction Date & the field being corrected)	No change to Primary Key dimensions including Transaction Date for Monthly	No change to Primary Key dimensions including Transaction Date for Monthly
	No change to any other dimension	Same 'incorrect' dimension value & no change to any other dimension	Same 'incorrect' dimension value & no change to any other dimension
	Full reversal of transaction measures using the opposite signage	Full reversal of transaction measures using the opposite signage	Transaction reversal(s) not required – populate transaction measure fields with 0
	Total position fields will show 0 values	Total position fields will show 0 values	Total position fields will show 0 values
Features of the Replace line	Corrected Primary Key dimension	Corrected dimension ;	Corrected dimension
	No change to any other dimension including Transaction Date unless it is subject to correction	No change to any other dimension including Transaction Date	No change to any other dimension including Transaction Date
	Transaction value(s) restated with the correct signage	Transaction value(s) restated with the correct signage	0 values in transaction fields as transaction(s) not being restated
	Total position fields will be reflective of the latest position as at date of correction submission	Total position fields will be reflective of the latest position as at date of correction submission	Total position fields will be reflective of the latest position as at date of correction submission

Corrections – Dimensions

Worked Example

A) Primary Key (e.g. Risk Code)

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Method of Placement	Transaction Date	Settlement currency - Premium	Gross Premium Received this Transaction (Settlement ccy)	Gross Premium Received to date (Settlement ccy)	Gross Premium (Settlement ccy)
Month 1	S	B078913B PL06429	AQ	FRK1	BIN	2021-01-20	EUR	100	500	600
Month 3	C	B078913B PL06429	AQ ¹	FRK1	BIN	2021-01-20	EUR	-100 ³	0 ⁴	0 ⁴
Month 3	R (or S)*	B078913B PL06429	ST ⁵	FRK1	BIN	2021-01-20	EUR	100 ⁷	500 ⁸	600 ⁸

Principles applied on the Contra line

1. No change to Primary Key dimensions (including the field being corrected)
2. No change to any other dimension
3. Full reversal of transaction measures using the opposite signage
4. Total position fields will show 0 values

Principles applied on the Replace line - *Where it relates to a Primary Key attribute correction, the 'Replacement' may be expressed as a 'Standard' (S) line

5. Corrected Primary Key dimension
6. No change to any other dimension
7. Transaction value(s) restated with the correct signage
8. Total position fields will be reflective of the latest position as at date of correction submission
 - In this example, the Gross Premium Received to date remains at 500. However, this value could potentially be higher than 500 if there had been other Gross Premium cash transactions between the date of submitting the S line and the date of providing the C & R lines.
 - In this example, the Gross Premium value remains at 600. However, this value could potentially be different if relevant AP / RP transactions had taken place between the date of submitting the S line and the date of providing the C & R lines.

Corrections – Dimensions

Worked Example

B) Not Primary Key & Transaction Specific (e.g. Endorsement Effective Date)

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Transaction Date	Settlement currency - Premium	Endorsement Effective Date	Premium Type	Gross Additional / Return Premium Amount (Settlement ccy)	Gross Premium (Settlement ccy)
Month 1	S	B078913B PL06429	AQ	FRK1	2021-01-20	EUR	2020-01-22	AP	75	175
Month 3	C	B078913B PL06429	AQ	FRK1	2021-01-20	EUR	2020-01-22 ²	AP	-75 ³	0 ⁴
Month 3	R	B078913B PL06429	AQ	FRK1	2021-01-20	EUR	2020-03-22 ⁵	AP	75 ⁷	175 ⁸

Principles applied on the Contra line

1. No change to Primary Key dimensions
2. Same 'incorrect' dimension value & no change to any other dimension
3. Full reversal of transaction measures using the opposite signage
4. Total position fields will show 0 values

Principles applied on the Replace line

5. Corrected dimension
6. No change to any other dimension
7. Transaction value(s) restated with the correct signage
8. Total position fields will be reflective of the latest position as at date of submission
 - o In this example, the Gross Premium is the same value as that communicated in Month 1. This may potentially be different if there were APs or RPs processed between the submission of the S line in Month 1 and the submission of C and R lines in Month 3

Corrections – Dimensions

Worked Example

C) Not Primary Key & not Transaction Specific (e.g. Policy Inception Date)

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Transaction Date	Settlement currency - Premium	Policy Inception Date	Premium Type	Gross Additional / Return Premium Amount (Settlement ccy)	Gross Premium (Settlement ccy)
Month 1	S	B078913B PL06429	AQ	FRK1	2021-01-20	EUR	2018-09-04	AP	75	175
Month 3	C	B078913B PL06429	AQ	FRK1	2021-01-20	EUR	2018-09-04 ²	AP	0 ³	0 ⁴
Month 3	R	B078913B PL06429	AQ	FRK1	2021-01-20	EUR	2018-08-04 ⁵	AP	0 ⁷	175 ⁸

Principles applied on the Contra line

1. No change to Primary Key dimensions
2. Same 'incorrect' dimension value & no change to any other dimension
3. Transaction reversal(s) not required – populate transaction measure fields with 0
4. Total position fields will show 0 values

Principles applied on the Replace line

5. Corrected dimension
6. No change to any other dimension
7. 0 values in transaction fields as transaction not being restated
8. Total position fields will be reflective of the latest position as at date of submission
 - In this example, the Gross Premium is the same value as that communicated in Month 1. This may potentially be different if there were APs or RPs processed between the submission of the S line in Month 1 and the submission of C and R lines in Month 3

Corrections – Measures

Contra & Replace Principles

If the field that is subject to correction is a Measure field, it would fall into one of the 3 categories below – please see slides 44-46 for worked examples

A. Transaction (delta) - Please refer to Data Dictionary (Column O) in the latest version of the Data Model for determination on Delta/Total Position

B. Total Position - Please refer to Data Dictionary (Column O) in the latest version of the Data Model for determination on Delta/Total Position

C. Percentage field

Please refer to the latest version of the Data Model (Column F) to verify the category associated with each Measure field

	Measure	Measure	Measure
	A. Transaction (Delta) Field	B. Total Position	C. Percentage
File type(s)	Monthly only	Initial Load or Monthly	Monthly only
Example	<i>Gross Premium Received this Transaction</i>	<i>Gross Premium at Transfer Date / Gross Premium</i>	<i>Brokerage % of Gross Premium</i>
Features of the Contra line	No change to Primary Key dimensions including Transaction Date	No change to Primary Key dimensions including Transaction Date for Monthly	No change to Primary Key dimensions including Transaction Date
	No change to any other dimension	No change to any other dimension	No change to any other dimension
	Full reversal of transaction measures using the opposite signage	0 value in transaction fields	<ul style="list-style-type: none"> Restate the incorrect percentage 0 value in transaction fields
	Total position fields (including related positions) will show 0 values	Total position fields will show 0 values	Total position fields will show 0 values
Features of the Replace line	No change to Primary Key dimensions including Transaction Date	No change to Primary Key dimensions including Transaction Date for Monthly	No change to Primary Key dimensions including Transaction Date
	No change to any other dimension	No change to any other dimension	No change to any other dimension
	Transaction value(s) corrected and expressed using correct signage	0 value in transaction fields	0 value in transaction fields
	Total position fields will be reflective of the latest position as at date of submission	Total position fields corrected and reflective of the latest position as at date of submission	<ul style="list-style-type: none"> Percentage field corrected Total position fields will be reflective of the latest position as at date of submission

Corrections – Measures

Worked Example

A) Transaction (Delta) Field (e.g. Gross Premium Received this Transaction)

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Method of Placement	Transaction Date	Settlement currency - Premium	Gross Premium Received this Transaction (Settlement ccy)	Gross Premium Received to date (Settlement ccy)	Gross Premium (Settlement ccy)
Month 1	S	B078913B PL06429	AQ	FRK1	BIN	2021-01-20	EUR	100	500	600
Month 3	C	B078913B PL06429	AQ	FRK1	BIN	2021-01-20	EUR	-100 ³	0 ⁴	0 ⁴
Month 3	R	B078913B PL06429	AQ	FRK1	BIN	2021-01-20	EUR	110 ⁷	510 ⁸	600 ⁸

Principles applied on the Contra line

1. No change to Primary Key dimensions
2. No change to any other dimension
3. Full reversal of transaction measures using the opposite signage
4. Total position fields will show 0 values

Principles applied on the Replace line

5. No change to Primary Key dimensions
6. No change to any other dimension
7. Transaction value(s) corrected and expressed using correct signage
8. Total position fields will be reflective of the latest position as at date of submission
 - In this example, the Gross Premium Received to date is updated to 510 reflecting the extra 10 which came through as a result of the correction. Note that this may not necessarily be 510 as there could have been other Gross Premium cash transactions which took place between the submission of the S line in Month 1 and the supply of C and R lines in Month 3
 - In this example, the Gross Premium value remains at 600. However, this value could potentially be different if relevant AP / RP transactions had taken place between the submission of the S line in Month 1 and the supply of C and R lines in Month 3

Corrections – Measures

Worked Example

B) Total Position (e.g. Gross Premium)

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Transaction Date	Settlement currency - Premium	Endorsement Effective Date	Premium Type	Gross Additional / Return Premium Amount (Settlement ccy)	Gross Premium (Settlement ccy)
Month 1	S	B078913B PL06429	AQ	FRK1	2021-01-20	EUR	2020-01-22	AP	75	175
Month 3	C	B078913B PL06429	AQ	FRK1	2021-01-20	EUR		AP	0 ³	0 ⁴
Month 3	R	B078913B PL06429	AQ	FRK1	2021-01-20	EUR		AP	0 ⁷	200 ⁸

Principles applied on the Contra line

1. No change to Primary Key dimensions
2. No change to any other dimension
3. 0 value in transaction fields
4. Total position fields will show 0 values

Principles applied on the Replace line

5. No change to Primary Key dimensions
6. No change to any other dimension
7. 0 value in transaction fields
8. Total position fields will be reflective of the latest position as at date of submission
 - o In this example, the correction is made against the 175 Gross Premium value. The R line shows the value reflective of the current, latest position and not the position it should have been in Month 1. To illustrate this point, the Gross Premium in Month 1 should have been 180 and in Month 3 this is now 200. Therefore, the 200 value is provided in the R line not 180.

Corrections – Measures

Worked Example

C) Percentage

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Method of Placement	Transaction Date	Settlement currency - Premium	Brokerage % of gross premium	Gross Premium Received this Transaction (Settlement ccy)	Gross Premium (Settlement ccy)
Month 1	S	B078913B PL06429	AQ	FRK1	BIN	2021-01-20	EUR	15	100	175
Month 3	C	B078913B PL06429	AQ	FRK1	BIN	2021-01-20	EUR	15 ³	0 ⁴	0 ⁵
Month 3	R	B078913B PL06429	AQ	FRK1	BIN	2021-01-20	EUR	10 ⁹	0 ⁸	175 ¹⁰

Principles applied on the Contra line

1. No change to Primary Key dimensions
2. No change to any other dimension
3. Restate the incorrect percentage
4. 0 value in transaction fields
5. Total position fields will show 0 values

Principles applied on the Replace line

6. No change to Primary Key dimensions
7. No change to any other dimension
8. 0 value in transaction fields
9. Percentage field corrected
10. Total position fields will be reflective of the latest position as at date of submission
 - In this example, the latest Gross Premium value in Month 3 is the same as what was stated in Month 1

Corrections – Dimensions & Measures

Worked Example – Primary Key & Total Position – Initial Load Catch-up

Multiple fields (across Dimensions & Measures) can be corrected in one go. In the worked example below, the risk code is being amended (AQ to MN) and the Gross Premium received up to transfer date is also corrected (120 replacing the 100). Following the principle that the Replacement (R) line must be an accurate representation of a record, each of the fields being revised must be showing the corrected value. Where it relates to a Primary Key attribute correction, the 'Replacement' may be expressed as a 'Standard' (S) line.*

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Method of Placement	Type of Insurance	Settlement currency - Premium	Brokerage % of gross premium	Gross Premium received up to transfer date (Settlement ccy)	Gross Premium at Transfer date (Settlement ccy)
Initial Load	S	B078913B PL06429	AQ	FRK1	BIN	DR	EUR	15	100	175

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Method of Placement	Type of Insurance	Settlement currency - Premium	Brokerage % of gross premium	Gross Premium received up to transfer date (Settlement ccy)	Gross Premium at Transfer date (Settlement ccy)
Initial Load catch-up	C	B078913B PL06429	AQ ¹	FRK1	BIN	DR	EUR	15	0 ³	0 ³
Initial Load catch-up	R (or S)*	B078913B PL06429	MN ⁴	FRK1	BIN	DR	EUR	15	120 ⁶	175

Principles applied on the Contra line

1. No change to Primary Key dimensions
2. No change to any other dimension
3. Total position fields will show 0 values

Principles applied on the Replace line

4. Corrected Primary Key dimension
5. No change to any other dimension (if not required as part of correction)
6. Total position fields will be reflective of the latest position as at date of submission

Corrections – Dimensions & Measures

Worked Example – Dimension (Not Primary Key & Not Transaction Specific) & Measure (Transaction)

Multiple fields (across Dimensions & Measures) can be corrected in one go. In the worked example below, the Lloyd's Broker Code is being amended (180 to 190) and the Gross Premium received this transaction is also corrected (110 replacing the 100). Following the principle that the Replacement (R) line must be an accurate representation of a record, each of the fields being revised must be showing the corrected value.

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Lloyd's Broker Code	Type of Insurance	Settlement currency - Premium	Brokerage % of gross premium	Gross Premium received this transaction	Gross Premium (Settlement ccy)
Month 1	S	B078913B PL06429	AQ	FRK1	180	DR	EUR	15	100	175

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Lloyd's Broker Code	Type of Insurance	Settlement currency - Premium	Brokerage % of gross premium	Gross Premium received this transaction	Gross Premium (Settlement ccy)
Month 3	C	B078913B PL06429	AQ	FRK1	180 ²	DR	EUR	15	-100 ³	0
Month 3	R	B078913B PL06429	AQ	FRK1	190 ⁶	DR	EUR	15	110 ⁷	175

Principles applied on the Contra line

1. No change to Primary Key dimensions
2. Keep the same incorrect non-primary key dimension
3. Reverse transaction value by applying the opposite sign
4. Total position fields will show 0 values

Principles applied on the Replace line

5. No change to Primary Key dimensions
6. Provide corrected non-primary key dimension
7. Provide the corrected transaction value
8. Total position fields will be reflective of the latest position as at date of submission

Corrections – Claim Fee & VAT Transactions

Worked Example

Timing & Availability of Claim Fee Invoices

- a) It is possible that Claim Fee cash transactions are processed by the Bureau and move through the Part VII settlement account before the relevant invoices are available to the MA. The cash transaction may need to be reported without the full VAT breakdown in the first instance and then followed by a correction in a subsequent month to demonstrate the Claim Fee & VAT amount as well as the detailed breakdown – see example below

Note – In the absence of the invoice, it will not yet be clear whether it will be addressed to LIC or not. Please assume that it is addressed to LIC for the purpose of the 'Standard' line item and once the invoice becomes available it can be corrected if required (along with the VAT breakdown)

Period	Correction Indicator	Transaction Date	Primary Key Attributes	Claim Paid this Transaction - Fees inc. VAT	Claim Paid this Transaction - Fees inc. VAT on invoices not addressed to Lloyd's Brussels	Claim Paid this Transaction - VAT paid on fees	Claim Paid this Transaction - Fees no VAT paid	Claim Paid this Transaction - Fees VAT exempt
Month 1 Invoice not yet available	S	2021-03-16	Primary Key A	-5000	-0.0001	-0.0001	-0.0001	-0.0001
Month 2 Invoice now available	C	2021-03-16	Primary Key A	5000	-0.0001	-0.0001	-0.0001	-0.0001
Month 2 Invoice now available	R	2021-03-16	Primary Key A	-5000	-0.0001	-600	-1000	-0.0001

- b) If the invoice becomes available prior to the Claim fee payment, there is no need to report the Fee or VAT information until after the associated cash transaction has moved through the Part VII settlement account. In which case, no subsequent correction will be required

For all other VAT related guidance, please refer to the Claims VAT requirement section of the MDD

Post-SED Contra & Correction

Applying the Corrections Approach

The Bureau practice of 'Contra & Correction' is an amendment to an existing signing record where the change does not impact regulatory, coding or amount information, for example, an amendment to the underwriting reference or settlement due date. The contra and correction update the signing record but the same SNAD is retained and comes through as a new version

- The **contra** reverses the signing but retains the coding and settlement due date
- The **correction** restates the amounts and amends the relevant underwriting reference or settlement due date. A correction does not always follow a contra.

Approach for Part VII – Correction Submission

- If a set of Contra & Correction is issued post-SED in relation to records provided in the Initial Load, MAs will be required to leverage the Corrections approach in the Initial Load catch-up file – this is an exception to standard corrections
- DXC will create an **additional daily report** for MAs which shows all contra and correction transactions processed the previous day with a Master List transferring status of T, or M/U with an EEA FIL code. MAs will use this report as a trigger to inform LIC of the updated data position via the Correction process in the next MDC submission
- If the cash value changes, it will **not pass** through the Part VII settlement account and received to date values will need be revised. Given that the cash **will not** move through the Part VII settlement account, MAs should not report the cash transaction in the Monthly submission

Period	Correction Indicator	Unique Market Reference	Original Signing Number & Date	Lloyd's Risk code - Premium	FIL code 1 - Premium	Type of Insurance	Settlement currency - Premium	Gross Premium Received to Date (Settlement ccy)	Gross Premium (Settlement ccy)
Pre-SED – Initial Load	S	B078913BPL 06429	45678 – 03/05/2019	AQ	FRK1	DR	EUR	100	100
Initial Load catch-up	C	B078913BPL 06429	45678 – 03/05/2019	AQ	FRK1	DR	EUR	0	0
Initial Load catch-up	R	B078913BPL 06429	45678 – 03/05/2019	AQ	FRK1	DR	EUR	200	200

Post-SED Cancel & Correction

Applying the Corrections Approach

The Bureau practice of 'Cancel & Correction' is a reversal of the signing record and replaced with a new signing record. The replacement will be allocated a new SNAD and will behave *like* a new signing. The cancel and replace process is typically initiated where an amendment is required to coding, amounts, markets or settlement due date.

- The cancel reverses the signing, retaining all the coding and settlement due date of the signing being cancelled.
- The new replaces the signing (amounts, coding and/or settlement due date may be different). A replacement does not always follow a cancellation.

Approach for Part VII – Correction Submission

- If a set of Cancel & Correction is issued post-SED in relation to records provided in the Initial Load, MAs will be required to leverage the Corrections approach in the Initial Load catch-up file – this is an exception to standard corrections
- DXC will create an **additional daily report** for MAs which shows all cancel transactions processed the previous day with a Master List status of T, or M/U with an EEA FIL code. MAs will use this report as a trigger to inform LIC of the updated data position via the Correction process in the next MDC submission
 - An Initial Load catch-up file will be required to communicate the corrected total positions as at SED
 - The cash transaction that flows through the Part VII settlement account should be submitted as a new transaction ("S record") in the monthly file

Please see overleaf for worked examples of how to apply the correction principles for Cancel & Corrections

Post-SED Cancel & Correction

This example shows a full contra of the cash transactions made up to SED hence the Initial Load catch-up would show a zero value in the 'Gross Premium Received up to Transfer Date' in the Initial Load catch-up 'replacement' line

Worked Example 1 – Full Cancellation

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Original Signing Number & Date	Type of Insurance	Settlement currency - Premium	Gross Premium Received up to Transfer Date (Settlement ccy)	Gross Premium at Transfer Date (Settlement ccy)
Pre-SED – Initial Load	S	B078913BP L06429	AQ	FRK1	56789 – 03/10/2020	DR	EUR	200	1,200

Total value of cash transactions which went through the syndicate's bank account up to SED

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Original Signing Number & Date	Type of Insurance	Settlement currency - Premium	Gross Premium Received up to Transfer Date (Settlement ccy)	Gross Premium at Transfer Date (Settlement ccy)
Initial Load catch-up	C	B078913BP L06429	AQ	FRK1	56789 – 03/10/2020	DR	EUR	0	0
Initial Load catch-up	R	B078913BP L06429	AQ	FRK1	56789 – 03/10/2020	DR	EUR	0	1,200

Cancellation post SED means that the SED cash position had in fact been zero

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code – Premium	FIL code 1 - Premium	Signing Number & Date	Type of Insurance	Settlement currency - Premium	Gross Premium Received this transaction (Settlement ccy)	Gross Premium Received to date (Settlement ccy)	Gross Premium (Settlement ccy)
Monthly	S	B078913B PL06429	AQ	FRK1	45765 – 05/03/2021	DR	EUR	400	400	1,200

Transaction with new SNAD will go through the PVII settlement account and will need to be reported in the Monthly file

Post-SED Cancel & Correction

Worked Example 2 – Partial Cancellation

This example shows a contra of some but not all previous cash transactions made up to SED hence the Initial Load catch-up would show a non-zero value in the 'Gross Premium Received up to Transfer Date' in the Initial Load catch-up 'replacement' line

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Original Signing Number & Date	Type of Insurance	Settlement currency - Premium	Gross Premium Received up to Transfer Date (Settlement ccy)	Gross Premium at Transfer Date (Settlement ccy)
Pre-SED – Initial Load	S	B078913BP L06429	AQ	FRK1	56789 – 03/10/2020	DR	EUR	600	1,000

Total value of cash transactions which went through the syndicate's bank account up to SED

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code - Premium	FIL code 1 - Premium	Original Signing Number & Date	Type of Insurance	Settlement currency - Premium	Gross Premium Received up to Transfer Date (Settlement ccy)	Gross Premium at Transfer Date (Settlement ccy)
Initial Load catch-up	C	B078913BP L06429	AQ	FRK1	56789 – 03/10/2020	DR	EUR	0	0
Initial Load catch-up	R	B078913BP L06429	AQ	FRK1	56789 – 03/10/2020	DR	EUR	400	1,000

Cancellation post SED means that the SED cash position had in fact been 400

Period	Correction Indicator	Unique Market Reference	Lloyd's Risk code – Premium	FIL code 1 - Premium	Signing Number & Date	Type of Insurance	Settlement currency - Premium	Gross Premium Received this transaction (Settlement ccy)	Gross Premium Received to date (Settlement ccy)	Gross Premium (Settlement ccy)
Monthly	S	B078913B PL06429	AQ	FRK1	45765 – 05/03/2021	DR	EUR	300	700	1,000

Transaction with new SNAD will go through the PVII settlement account and will need to be reported in the Monthly file

Loss Fund Corrections

Details on the correction of Loss Fund positions and movements via MDC

The guidance provided in these slides is relevant to Syndicates that are required to submit corrections via MDC to correct their Loss Fund/Total Coverholder position within the Part VII Book of Business. This guidance is an addition to the general MDC correction guidance as communicated via the Market Design Document (MDD) or the Part VII Data Model Detailed Guidance and gives an overview of the common corrections scenarios related to Loss Funds. These slides will be included within the next version of the MDD and Part VII Data Model Detailed Guidance

Submission	#	Scenario	Correction Scenario <i>(Slides 45 and 49 of Detailed Guidance)</i>	Description
Initial Load	1	Complete reverse out of an incorrectly submitted Initial Load Loss Fund via an Initial Load Catch-up submission	Measure – B. Total Position	A Loss Fund that has been incorrectly submitted within the initial load. This Loss fund must be removed completely via an Initial Load Catch-Up submission
	2	Correction of a submitted Initial Load Loss Fund <u>measure</u> via an Initial Load Catch-up submission	Measure – B. Total Position	A Loss Fund <u>measure</u> (e.g.; Total Coverholder / TPA Loss Fund value (Settlement ccy)) that has been incorrectly submitted within the Initial Load. This Loss Fund must be corrected via an Initial Load Catch-up submission
	3	Correction of a submitted Initial Load Loss Fund <u>dimension</u> via an Initial Load Catch-up submission	Dimension – A. Primary Key	A Loss Fund <u>dimension</u> (e.g. Claim Office Reference) that has been incorrectly submitted within the Initial Load. This Loss Fund must be corrected via an Initial Load Catch-up submission
	4	Submission of a missed Loss Fund within an Initial Load Catch-up submission	N/A - Standard submission	A Loss Fund not submitted within the Initial Load but should have been. This Loss Fund must be provided via an Initial Load Catch-up submission
Monthly Load	5	Complete reverse out of an incorrectly submitted Monthly Loss Fund <u>transaction</u> via the Monthly Load submission	Measure – A. Transaction (Delta) Field	An incorrect monthly Loss Fund transaction that has been reported to LIC. This transaction must be removed via the Monthly Load submission
	6	Correction of a submitted Monthly Loss Fund <u>measure</u> via the Monthly Load submission	Measure – A. Transaction (Delta) Field	A Loss Fund transaction that has been reported with an incorrect <u>measure</u> (e.g. Increased Coverholder/TPA loss fund payment / recovery this transaction (Settlement ccy)) that has been incorrectly submitted within the Monthly Load. This Loss Fund transaction must be corrected via a Monthly Load submission
	7	Correction of a submitted Monthly Load Loss Fund <u>dimension</u> via the Monthly Load submission	Dimension – A. Primary Key	A Loss Fund transaction that has been reported with an incorrect <u>dimension</u> (e.g. Transaction date) that has been incorrectly submitted within the Monthly load. This Loss Fund transaction must be corrected via a Monthly Load submission
	8	Submission of a missed Loss Fund transaction within the Monthly Load	N/A - Standard submission	A Loss Fund transaction that has been missed from a previous monthly submission. This transaction can be submitted as a Standard transaction within the next month's Monthly submission. The transaction date must reflect the actual date the money settled in the bank account (Actual Payment Date)

Loss Fund Corrections

Initial Load

Initial Load – Scenario 1 – Complete reverse out of an incorrect submitted Initial Load Loss Fund via the Initial Load Catch-up submission

Period	Correction Indicator	Unique Market Reference	Claim Office Reference	Original Signing Number & Date	FIL code 1 - Claim	Settlement currency - Claim	Total Claims Outstanding amount - Indemnity (Settlement ccy) – Total Position (example)	Total Coverholder / TPA Loss Fund value (Settlement ccy) – Total Positions
Initial Load as at SED	S	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	EUR	-0.0001	200
Initial Load catch-up	C	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	EUR	0	0
Initial Load catch-up	R	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	EUR	-0.0001	0

Principles applied on the Contra line

1. No change to Primary Key dimensions
2. No change to any other dimension
3. Total position fields will show 0 values

Principles applied on the Replace line

4. No change to Primary Key dimensions
5. No change to any other dimension
6. Total Position values:
 - Non-Coverholder specific fields - Default values in the total position fields
 - Coverholder specific fields - Total positions fields will show 0 values

End Result

Loss Fund has been removed from the Part VII Repository

Loss Fund Corrections

Initial Load

Initial Load – Scenario 2 – Correction of a submitted Initial Load Loss Fund measure via the Initial Load Catch-up submission

Period	Correction Indicator	Unique Market Reference	Claim Office Reference	Original Signing Number & Date	FIL code 1 - Claim	Settlement currency - Claim	Total Claims Outstanding amount - Indemnity (Settlement ccy) – Total Position (example)	Total Coverholder / TPA Loss Fund value (Settlement ccy) – Total Positions
Initial Load as at SED	S	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	EUR	-0.0001	200
Initial Load catch-up	C	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	EUR	0	0
Initial Load catch-up	R	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	EUR	-0.0001	300

Principles applied on the Contra line

1. No change to Primary Key dimensions
2. No change to any other dimension
3. Total position fields will show 0 values

Principles applied on the Replace line

4. No change to Primary Key dimensions
5. No change to any other dimension
6. Total Position values:
 - Non-Coverholder specific fields - Default values in the total position fields
 - Coverholder specific field - Total positions will be reflective of the **latest position** as at date of submission

End Result

Corrected Loss fund value within the Part VII Repository for this Primary Key

Loss Fund Corrections

Initial Load

Initial Load – Scenario 3 – Correction of a submitted Initial Load Loss Fund dimension via the Initial Load Catch-up submission

Period	Correction Indicator	Unique Market Reference	Claim Office Reference	Original Signing Number & Date	FIL code 1 - Claim	Settlement currency - Claim	Total Claims Outstanding amount - Indemnity (Settlement ccy) – Total Position (example)	Total Coverholder / TPA Loss Fund value (Settlement ccy) – Total Positions
Initial Load as at SED	S	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	EUR	-0.0001	200
Initial Load catch-up	C	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	EUR	0	0
Initial Load catch-up	R	{NONE}	BB1234	NNNNN - 01/01/9999	LF11	EUR	-0.0001	200

Principles applied on the Contra line

1. No change to Primary Key dimensions (including the field being corrected)
2. No change to any other dimension
3. Total position fields will show 0 values

Principles applied on the Replace line

4. Corrected Primary Key dimensions (e.g. Claim Office Reference)
5. No change to any other dimension
6. Total Position values:
 - Non-Coverholder specific fields - Default values in the total position fields
 - Coverholder specific fields - Total positions will be reflective of the **latest position** as at date of submission

End Result

Updated Primary Key for the Loss Fund value

Loss Fund Corrections

Initial Load

Initial Load – Scenario 4 – Submission of a missed Loss Fund within the Initial Load Catch-up submission

Period	Correction Indicator	Unique Market Reference	Claim Office Reference	Original Signing Number & Date	FIL code 1 - Claim	Settlement currency - Claim	Total Claims Outstanding amount - Indemnity (Settlement ccy) – Total Position (example)	Total Coverholder / TPA Loss Fund value (Settlement ccy) – Total Positions
Initial Load as at SED	S	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	EUR	-0.0001	200

Principles applied on the Standard line

1. New Primary Key dimensions
2. Total Position values:
 - Non-Coverholder specific fields - Default values in the total position fields
 - Coverholder specific fields - Total positions will be reflective of the **latest position** as at date of submission

End Result

New Loss Fund value within the Part VII Repository for this Primary Key

Loss Fund Corrections

Monthly Load

Monthly Load – Scenario 5 - Complete reverse out of an incorrectly submitted Monthly Loss Fund transaction via the Monthly Load submission

Period	Correction Indicator	Unique Market Reference	Claim Office Reference	Original Signing Number & Date	FIL code 1 - Claim	Transaction Date	Settlement currency - Claim	Claim Paid this Transaction - Indemnity (Settlement ccy) - Transaction measure (example)	Total Claims Outstanding amount - Indemnity (Settlement ccy) - Total Position (example)	Increased Coverholder/TPA loss fund payment / recovery this transaction (Settlement ccy) - Transaction measure	Total Coverholder / TPA Loss Fund value (Settlement ccy) - Total Positions
Monthly Load – Month 1	S	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	01/03/2021	EUR	-0.0001	-0.0001	100	200
Monthly Load – Month 2	C	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	01/03/2021	EUR	0	0	-100	0
Monthly Load - Month 2	R	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	01/03/2021	EUR	-0.0001	-0.0001	0	200

Principles applied on the Contra line

1. No change to Primary Key dimensions
2. No change to any other dimension
3. Full reversal of transaction measures using the opposite signage
4. Total position fields will show 0 values

Principles applied on the Replace line

5. No change to Primary Key dimensions
6. No change to any other dimension
7. Transaction values:
 - Non-Coverholder fields - Default values in the transaction fields
 - Coverholder field will show **0** values
8. Total Position values:
 - Non-Coverholder fields - Default values in the total position fields
 - Coverholder field - Total positions will be reflective of the **latest position** as at date of submission

Loss Fund Corrections

Monthly Load

Monthly Load – Scenario 6 - Correction of a submitted Monthly Loss Fund measure via the Monthly Load submission

Period	Correction Indicator	Unique Market Reference	Claim Office Reference	Original Signing Number & Date	FIL code 1 - Claim	Transaction Date	Settlement currency - Claim	Claim Paid this Transaction - Indemnity (Settlement ccy) - Transaction measure (example)	Total Claims Outstanding amount - Indemnity (Settlement ccy) - Total Position (example)	Increased Coverholder/TPA loss fund payment / recovery this transaction (Settlement ccy) - Transaction measure	Total Coverholder / TPA Loss Fund value (Settlement ccy) - Total Positions
Monthly Load – Month 1	S	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	01/03/2021	EUR	-0.0001	-0.0001	100	200
Monthly Load – Month 2	C	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	01/03/2021	EUR	0	0	-100	0
Monthly Load - Month 2	R	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	01/03/2021	EUR	-0.0001	-0.0001	200	400

Principles applied on the Contra line

1. No change to Primary Key dimensions
2. No change to any other dimension
3. Full reversal of transaction measures using the opposite signage
4. Total position fields will show 0 values

Principles applied on the Replace line

5. No change to Primary Key dimensions
6. No change to any other dimension
7. Transaction values:
 - Non-Coverholder fields - Default values in the transaction fields
 - Coverholder field - will show the **corrected** transaction value
8. Total Position values:
 - Non-Coverholder fields - Default values in the position fields
 - Coverholder field - Total positions will be reflective of the **latest position** as at date of submission

Loss Fund Corrections

Monthly Load

Monthly Load – Scenario 7 - Correction of a submitted Monthly Load Loss Fund dimension via the Monthly Load submission

Period	Correction Indicator	Unique Market Reference	Claim Office Reference	Original Signing Number & Date	FIL code 1 - Claim	Transaction Date	Settlement currency - Claim	Claim Paid this Transaction - Indemnity (Settlement ccy) - Transaction measure (example)	Total Claims Outstanding amount - Indemnity (Settlement ccy) - Total Position (example)	Increased Coverholder/TPA loss fund payment / recovery this transaction (Settlement ccy) - Transaction measure	Total Coverholder / TPA Loss Fund value (Settlement ccy) - Total Positions
Monthly Load – Month 1	S	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	01/03/2021	EUR	-0.0001	-0.0001	100	200
Monthly Load – Month 2	C	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	01/03/2021	EUR	0	0	-100	0
Monthly Load - Month 2	R	{NONE}	AA1234	NNNNN - 01/01/9999	LF11	01/04/2021	EUR	-0.0001	-0.0001	100	200

Principles applied on the Contra line

1. No change to Primary Key dimensions (including the fields being corrected)
2. No change to any other dimension
3. Full reversal of transaction measures using the opposite signage
4. Total position fields will show 0 values

Principles applied on the Replace line

4. Corrected Primary Key dimensions (e.g. Transaction Date)
5. No change to any other dimension
6. Transaction values:
 - Non-Coverholder specific fields - Default values in the transaction fields
 - Coverholder specific field - will show the **corrected** transaction value
8. Total Position values:
 - Non-Coverholder specific fields - Default values in the position fields
 - Coverholder specific field - Total positions will be reflective of the **latest position** as at date of submission

Loss Fund Corrections

Monthly Load

Monthly Load – Scenario 8 – Submissions of a missed Loss Fund transaction within the Monthly Load

Period	Correction Indicator	Unique Market Reference	Claim Office Reference	Original Signing Number & Date	FIL code 1 - Claim	Transaction Date	Settlement currency - Claim	Claim Paid this Transaction - Indemnity (Settlement ccy) - Transaction measure (example)	Total Claims Outstanding amount - Indemnity (Settlement ccy) - Total Position (example)	Increased Coverholder/TPA loss fund payment / recovery this transaction (Settlement ccy) - Transaction measure	Total Coverholder / TPA Loss Fund value (Settlement ccy) - Total Positions
Monthly Load – Month 1	S	{NONE}	AA1234	NNNNN - 01/01/9999	LF1	01/03/2021	EUR	-0.0001	-0.0001	100	200

Principles applied on the Standard line

1. New Primary Key dimensions
2. Transaction values:
 - Non-Coverholder specific fields - Default values in the transaction fields
 - Coverholder specific field - will show the **corrected** transaction value
3. Total Position values:
 - Non-Coverholder specific fields - Default values in the position fields
 - Coverholder specific field - Total positions will be reflective of the **latest position** as at date of submission

End Result

New Loss fund transaction within the Part VII Repository for this Primary Key

Part VII – Claims Dos and Do nots

Lloyd's Europe Part VII Claims Guidelines

Dos and Do nots (1/3)

This document explains how the existing summary 'Dos and Don'ts' for MA's handling LB claims will differ for Part VII claims.

Do Not

Lloyd's Europe BAU Claim Guidelines	Part VII Requirement
i. Communicate directly with policyholders in countries where without regulatory authorisation is required	No change
ii. <i>Pay any claims outside central settlement system. Non-cash movements not permitted.</i>	<ul style="list-style-type: none"> • Pay any Part VII claims outside Part VII settlement accounts
iii. Pay ex gratia claims (i.e. clearly not covered) unless agreed across all MAs that have bound the risk and without seeking LB's approval	No change
iv. Agree claims on behalf of Lloyd's syndicates unless SCAP applies and LB is the slip lead: the Lloyd's Claims Scheme does not apply to Lloyd's Europe (although its terms do apply to MAs that have bound LB to the same risk)	<ul style="list-style-type: none"> • Not applicable. This only applies in the rare circumstances where a risk has been written post Jan 2019 by both a syndicate and Lloyd's Europe (e.g. UK risks). • There will be no syndicate carriers on any transferred claims, only Lloyd's Europe. The lead Managing Agent will have authority, under the Outsourcing Agreement, to handle the claim for all of Lloyd's Europe share of the claim, including the share written on behalf of Lloyd's Europe by other Managing Agents.

Lloyd's Europe Part VII Claims Guidelines

Dos and Do nots (2/3)

Do

Lloyd's Europe BAU Claim Guidelines	Part VII Requirement
<p>v. Binder business</p> <p>a) <i>Sign on behalf of LB new or amended agreements with DCAs making it clear that the DCA is providing its service to LB (either MAs own agreement, tailored for LB or LBS 0065)</i></p>	<ul style="list-style-type: none"> Amend DCA agreements as follows, depending on the scenario: <ol style="list-style-type: none"> If a DCA agreement has already been signed on behalf of LB for new business with the DCA handling transferring claims, the transferring UMRs need to be added to this agreement (eg by providing to the DCA an updated declaration) OR If no agreement has been signed on behalf of LB with the DCA, a signed amendment to the agreement between Managing Agent and DCA is required to reflect LB's requirements The completion of this requirement is not necessary to be completed prior to the SED. This can be done in the two months following, by 28th February 2021
<p>b) <i>Load DCA Agreements (including agreement with assistance service providers) to SecureStore, in the DCA Agreements sub folder in the Lloyd's Europe Underwriting for Managing Agents folder</i></p>	<ul style="list-style-type: none"> The documents detailed above (declaration including transferring UMRs for scenario 1, and agreement plus amendment for scenario 2) need to be uploaded immediately to SecureStore in the DCA Agreements sub folder in the Lloyd's Europe Underwriting for Managing Agents folder
<p>c) <i>Set up any loss funds against specific Coverholder Appointment Agreement. Ensure any/all loss funds held by Coverholders and DCAs on behalf of LB are held in bank accounts in LB's name</i></p>	<ul style="list-style-type: none"> Where loss funds are required in order to pay claims promptly, ensure that they are adequate and are held by Coverholders and DCAs on behalf of LIC for each transferring binder, or section of mixed binder. These should be established either by transferring ownership to LB of loss funds currently held on behalf of syndicates, or setting up and transferring ownership in new loss funds Ensure Coverholders'/DCAs' banking arrangements reflect LB ownership of loss funds. Report loss fund payments and recoveries via the Part VII File Extract
<p>d) <i>Ensure all binder claims bordereaux are submitted via DASATS as well as to DXC</i></p>	<ul style="list-style-type: none"> Report claim movements at claim level via Part VII data extract For binders processed via DXC with mixed or unknown transferring status, ensure: Coverholders and DCAs accurately split claims bordereaux between transferring and non-transferring claims; transferring claims are Part VII flagged and processed through the Part VII settlement account

Lloyd's Europe Part VII Claims Guidelines

Dos and Do nots (3/3)

Do

Lloyd's Europe BAU Claim Guidelines	Part VII Requirement
e) Schedule and conduct all audits via AiMS, unless performed by internal auditors	No change
vi. Fees, VAT and invoices (services to insurer) a) <i>For all open market business and binder claims with no bordereaux capture fee and VAT payments accurately within CLASS, for binder business capture VAT information in bdx</i>	<ul style="list-style-type: none"> • Report fee and VAT information for all claims via Part VII file extracts. • For claims processed via DXC the required fee and VAT information can be obtained by using the relevant fee and VAT fields in CLASS, which are available to MAs directly via CRS, or via a specific report in the Insights Hub • For binder business, the required fee and VAT information can be obtained from the bordereaux which contains the Lloyd's Europe fee and VAT fields
b) Invoices to be made out to LB but sent to Claims Handler with payment authority (MA or DCA)	No change
c) <i>Upload copy of all invoices for open market ECF claims and CAA claims handled individually in ECF, onto IMR</i>	<ul style="list-style-type: none"> • Upload onto SecureStore a copy of all open market invoices
d) <i>Upload onto SecureStore a copy of all invoices for non-ECF open market claims and invoices for fees greater than €50k on binder business</i>	<ul style="list-style-type: none"> • Upload onto SecureStore a copy of all invoices for all binder claims for fees greater than EUR 50,000
N/A	vii. Ensure the Part VII claim has been correctly triaged

Queried Premium and Claims Signing Guidance

Lloyd's Part VII

Bureau Part VII Queried Signings
Market Guidance

November 2021



Introduction

Background

Following deployment of the DXC Part VII code and manual triage process, cases have been identified where Underwriter Signing Messages (USMs) and Syndicate Claims Messages (SCMs) have been received by Managing Agents with a transferring status contrary to what the Managing Agent expects.

Document Purpose

The purpose of this document is to support Managing Agents in understanding the different scenarios where the coding may be contrary to what is expected and assessing whether the USMs / SCMs have been coded incorrectly.

Version Control

- Version 1.0 was, published on 12 February, included guidance for premiums only
- Version 2.0 was published on 26 February to include guidance for claims transactions
- Version 3.0 was published on 7 April including new premium scenarios
- Version 4.0 was published in the MDD v8.0

Premiums

Premiums: navigating this document

Category	Description	Action
Category 1: Contra or correction of a premium signed prior to 21/12/2020	Scenario A: Cancellation of a delinked premium signed prior to 21/12/2020	No action required
	Scenario B: Correction on a deferred scheme premium signed prior to 21/12/2020	No action required
	Scenario C: Contra/Correction (not delinked cancellation/deferred correction) of a premium signed prior to 21/12/2020	No action required
	Scenario D: Release of delinked premium, premium signed pre 21/12/2020	No action required
Category 2: New premium advised, premium signed prior to 21/12/2020		No action required
Category 3: Broker/Coverholder Triage		No action required
Category 4: Coverholders domiciled in Germany		No action required
Category 5: FIL code 3		No action required
Category 6: Non cash signings with money moving pre SED but processed post SED with a 'Transferring' status		No action required
Category 7: Transferring contra signings on original signings processed prior to the SED without a Part VII trust fund code		No action required
Category 8: CMB FIL code; Canadian domiciled Coverholders writing EEA business with a Transferring status		No action required

Category 1: Contra or correction of a premium signed prior to 21/12/2020



No action required

Scenario A: Cancellation of a delinked premium signed prior to 21/12/2020

Why is this happening?

Delinked premiums are signings which have passed to the delinking system and are awaiting Broker release. A USM is generated for the delinked signing, but no money will move until the Broker releases the signing. When the Broker releases the signing, two further USM's are automatically generated (version 2 CONTRA and version 3 CORRECTION). Only version 3 CORRECTION is submitted to Lloyd's Central Settlement. Version 2 CONTRA and version 3 CORRECTION are automatically generated when the signing is released (Market Design Document v6.2 slide 60) and not reprocessed by DXC.

Pre-deployment mitigation activity

Brokers were asked to cancel and replace all in-scope unreleased delinked signings. The new replacement premium will have the correct Part VII Trust Fund Code. However, the cancellation USM will be received by Managing Agents and will *appear* as if they are settling incorrectly.

What does this mean?

Delinked signings have been correctly cancelled by the Broker after the requested Programme activity.

What Managing Agents will see

- A contra reversing a delinked signing. The contra will have a business category of PRD.
- The contra will not be accompanied by a correction.

Category 1: Contra or correction of a premium signed prior to 21/12/2020



No action required

Scenario A: Cancellation of a delinked premium signed prior to 21/12/2020 (cont'd)

Example of a cancelled delinked premium

The pre-deployment delinked signing (USM will have arrived pre-deployment)

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	Inst No	{Inst.} Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CA D TF
18/08/2020	21496	18/08/2020	1	PRD	NEW	50.00	{Not Relevant}	{Not relevant}	USD	0.00	0.00	NR

Pre-deployment delinked signing

The post deployment cancellation of the delinked premium and replacement premium

Same signing number and date as the pre-deployment premium. Signing date is pre 21/12/2020

Business Category = PRD and Processing Type = CON

No money movement (signing is delinked)

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	Inst No	{Inst} Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CA D TF	ML Status
04/01/2021	21496	18/08/2020	2	PRD	CON	-50.00	{Where relevant}	07/01/2021	USD	0.00	0.00	NR	T
04/01/2021	12345	04/01/2021	1	PRM	NEW	50.00	{Where relevant}	15/01/2021	USD	0.00	50.00	P7	T

Different signing number and date

Money settles to/from P7 account (only if cash settlement)

Cancellation of pre-deployment delinked signing

Replacement signing

Why have Managing Agents raised a query?

- The Master List status of the original premium that the contra attaches to has a transferring status of transferring; or
- The Master List status of the original premium that the contra attaches to is mixed/unknown or not found and the FIL codes, insured domicile or risk location suggests it is EEA
- The contra is advising a non-transferring status

How is it detected?

- A contra is received.
- The signing date is prior to 21/12/2020
- The contra has a Business Category of PRD
- The contra is not accompanied by a correction (indicating settlement release)
- Note: the signing will also appear in DS1258

Action required?

- This is not a PTF breach. No money has moved.
- No action required

Category 1: Contra or correction of a premium signed prior to 21/12/2020

Scenario B: Correction on a deferred scheme premium signed prior to 21/12/2020



No action required

Why is this happening?

Deferred premiums are signings which relate to 2 or more instalments / payment dates. Even though the deferred signing has multiple instalment payment dates, they are only processed once (see [here](#)).

Pre-deployment mitigation activity

Brokers were asked to submit a correction to an in-scope deferred premium to remove any instalments settling after 2021.

What is the Part VII impact?

Any in-scope deferred premium signed prior to 21/12/2020 with instalments settling after 2021 will settle correctly from the PTF account following the Broker actioning the requested Programme activity.

What Managing Agents will see

- A contra reversing all instalments and a correction restating the instalments which have already settled. These will inherit the non P7 trust fund.
- A replacement restating instalments which have not yet settled. These will be assigned a P7 trust fund.

Category 1: Contra or correction of a premium signed prior to 21/12/2020



No action required

Scenario B: Correction on a deferred scheme premium signed prior to 21/12/2020 (cont'd)

Example of a corrected deferred scheme premium

Pre-deployment deferred scheme signing with 2 instalments – USM will have arrived prior to deployment

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	Inst No	Inst. Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CAD TF
18/08/2020	21496	18/08/2020	1	DPM	NEW	50.00	1	15/12/2020	USD	50.00	0.00	NR
						50.00	2	15/01/2021	USD	50.00	0.00	NR

Pre-deployment signing

The post deployment corrected deferred premium removing un-paid instalment

Same signing number and date as the pre-deployment premium. Signing date is pre 21/12/2020

Business Category is DPM

Settles after Scheme Effective Date

Correction restates some but not all instalments

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	Inst No	Inst. Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CAD TF	ML Status
04/01/2021	21496	18/08/2020	2	DPM	CON	-50.00	1	07/01/2021	USD	-50.00	0.00	NR	T
						-50.00	2	15/01/2021	USD	-50.00	0.00	NR	T
04/01/2021	21496	18/08/2020	3	DPM	COR	50.00	1	07/01/2021	USD	50.00	0.00	NR	T
04/01/2021	12345	04/01/2021	1	DPM	NEW	50.00	1	15/01/2021	USD	0.00	50.00	P7	T

Contra reversing inst. 1 and 2.

Correction restating instalment 1

'New' signing restating instalment 2

Why have Managing Agents raised a query?

- The Master List status of the original premium that the contra and correction attach to has a transferring status of transferring; or
- The Master List status of the original premium that the contra and correction attach to is mixed/unknown or not found and the FIL codes, insured domicile or risk location suggests it is EEA
- The contra and correction are advising a non-transferring status

How is it detected?

- Contra and correction USMs are received for the same signing number and date
- The signing date is prior to 21/12/2020
- Both the contra and corrections have a Business Category of DPM
- The correction restates settled instalments only
- Note: the signings will also appear in DS1258

Action required?

- This is not a PTF breach. Money has settled correctly.
- No action required.

Category 1: Contra or correction of a premium signed prior to 21/12/2020



No action required

Scenario C: Contra/Correction (not delinked cancellation/deferred correction) of a premium signed prior to 21/12/2020

Why is this happening?

A contra or correction has been initiated by the broker on a premium signed prior to 21/12/2020. The premium attaches to a Part VII transferred risk. The contra is not due to a request from the Programme to cancel a delinked premium or to remove instalments from a deferred transaction.

There are many reasons why the Broker will initiate a contra and correction of a premium. Where the contra and correction is for the equal and opposite amounts with the same settlement due date this will not result in a money movement as the amounts net to zero.

What Managing Agents will see

- A contra followed by a correction of the same premium transaction (same signing number and date) and both the contra and correction will have a non-transferring status
- The contra and correction attach to a premium appearing on the Master List as transferring; or
- The contra and correction attach to a premium appearing on the Master List as mixed, unknown or not found and the signing has an EEA FIL, insured domicile or risk location

Examples of contra's and corrections

Example 1: Change to Underwriter Reference – No financial impact

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	Inst No	Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/C AD TF	ML Status
18/08/2020	21496	18/08/2020	1	PRM	NEW	50.00	1	18/12/2020	USD	50.00	0.00	NR	NA
04/01/2021	21496	18/08/2020	2	PRM	CON	-50.00	1	07/01/2021	USD	-50.00	0.00	NR	T
04/01/2021	21496	18/08/2020	3	PRM	COR	50.00	1	07/01/2021	USD	50.00	0.00	NR	T

Same signing number and date

Same settlement due date

Amounts net to zero

- Pre-deployment signing
- Contra reversing previously settled amounts
- Correction restating previously settled amounts

Category 1: Contra or correction of a premium signed prior to 21/12/2020



No action required

Scenario C: Contra/Correction (not delinked cancellation/deferred correction) of a premium signed prior to 21/12/2020 (cont'd)

Example 2: Instalments signed as AP's – Broker amends settlement due date on an instalment

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	Inst No	Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CAD/TF	ML Status
18/08/2020	21496	18/08/2020	1	PRM	NEW	50.00	1	15/01/2021	USD	50.00	0.00	NR	NA
04/01/2021	21496	18/08/2020	2	PRM	CON	-50.00	1	15/01/2021	USD	-50.00	0.00	NR	T
04/01/2021	21496	18/08/2020	3	PRM	COR	50.00	1	15/01/2021	USD	50.00	0.00	NR	T

Annotations for Example 2:

- Same signing number and date (circled in red)
- Same settlement due date (15/01/2021, circled in red)
- Amounts net to zero (50.00, -50.00, 50.00)
- Different settlement due date (15/01/2021 vs 15/12/2020)

Pre-deployment signing. SDD post SED. Contra reversing previously advised amounts
Correction changing the SDD, and restating the amounts.

Example 3: Correction to the settlement amount – Financial Impact

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	Inst No	Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CAD/TF	ML Status
18/08/2020	21497	18/08/2020	1	PRM	NEW	50.00	1	15/12/2020	USD	50.00	0.00	NR	NA
04/01/2021	21497	18/08/2020	2	PRM	CON	-50.00	1	15/01/2021	USD	-50.00	0.00	NR	T
04/01/2021	21497	18/08/2020	3	PRM	COR	500.00	1	15/01/2021	USD	500.00	0.00	NR	T

Annotations for Example 3:

- Same signing number and date (circled in red)
- Same settlement due date (15/01/2021, circled in red)
- 450 USD impact (500.00 - 50.00)

Pre-deployment signing
Contra reversing previously advised amounts
Correction correcting the amount

Category 1: Contra or correction of a premium signed prior to 21/12/2020

Scenario C: Contra/Correction (not delinked cancellation/deferred correction) of a premium signed prior to 21/12/2020 (cont'd)



No action required

Why have Managing Agents raised a query?

- The Master List status of the original premium that the contra and correction attach to has a transferring status of transferring; or
- The Master List status of the original premium that the contra and correction attach to is mixed/unknown or not found and the FIL codes, insured domicile or risk location suggests it is EEA
- The contra and correction are advising a non-transferring status

How is it detected?

- Contra and correction USMs are received for the same signing number and date
- The signing date is prior to 21/12/2020
- Both the contra and corrections have a Business Category of PRM or DPM
- Note: the signing will also appear in DS1258

Action required?

- No action required – Lloyd's and Lloyd's Europe have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd's Europe and Lloyd's of incorrectly processed business, is sufficiently low to not justify further mitigation
 - For further detail on the materiality position – see [here](#)

Category 1: Contra or correction of a premium signed prior to 21/12/2020



No action required

Scenario D: Release of delinked premium, premium signed pre 21/12/2020

Why is this happening?

In-scope unreleased delinked premiums signed prior to 21/12/2020 will not attract a Part VII transferred status and will settle to/from syndicate accounts when the delinked premium is released. This is because delinked signings have been 'released' to the delinking system and are not reprocessed through LIDS on release. Whilst actions were taken to identify all signings in this category and remediate prior to Scheme Effective Date, a small number of delinked signings may not have been identified as in-scope and no remediation activities on these signings took place.

What Managing Agents will see

- A contra and a correction for the same signing record. These will inherit the non P7 trust fund.
- The contra and correction will have a business category of PRD or DPD and PRM or DPM respectively.

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	Inst No	Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CAD/TF	ML Status
18/08/2020	21496	18/08/2020	1	PRD	NEW	50.00	1	15/01/2021	USD	0.00	0.00	NR	NA
04/01/2021	21496	18/08/2020	2	PRD	CON	-50.00	1	15/01/2021	USD	0.00	0.00	N7	T
04/01/2021	21496	18/08/2020	3	PRM	COR	50.00	1	15/01/2021	USD	50.00	0.00	N7	T
12/06/2020	21496	18/08/2020	4	PRD	CON	-50.00	1	15/01/2021	USD	0.00	0.00	N7	T
12/06/2021	31495	12/06/2020	1	PRD	NEW	-50.00	1	12/06/2021	USD	0.00	50.00	P7	T

- Pre-deployment signing
- Contra reversing previously advised amounts
- Correction releasing the cash signing.
- Cancellation of existing SNAD by broker
- Replacement of existing SNAD by broker

Category 1: Contra or correction of a premium signed prior to 21/12/2020



No action required

Scenario D: Release of delinked premium, premium signed pre 21/12/2020 (cont'd)

Why have Managing Agents raised a query?

- The Master List status of the original premium that the contra and correction attach to has a transferring status of transferring; or
- The Master List status of the original premium that the contra and correction attach to is mixed/unknown or not found and the FIL codes, insured domicile or risk location suggests it is EEA
- The contra and correction are advising a non-transferring status

How is it detected?

- A contra and correction is received for the same signing.
- The contra and correction have business categories of PRD or DPD and PRM or DPM respectively.
- The contra and correction are due to settle on the same day and are for equal and opposite amounts.
- Both the contra and correction will have a non-transferring status (expected status Transferring)
- Note: the signing will also appear in DS1258

Action required?

- No action required – Lloyd's and Lloyd's Europe have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd's Europe and Lloyd's of incorrectly processed business, is sufficiently low to not justify further mitigation
 - For further detail on the materiality position – see [here](#)

Category 2: New premium advised, premium signed prior to 21/12/2020



No action required

Why is this happening?

A new premium was received and processed by DXC prior to 21/12/2020. The premium has attracted a non Part VII trust fund code.

What Managing Agents will see

- A new (version 1) premium will be received with a non-transferring trust fund code. The Managing Agent is expecting the premium to have transferred.

	Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	Inst No	Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CAD/TF	ML Status
Example 1	19/12/2020	21496	18/12/2020	1	PRM	NEW	50.00	1	23/12/2020	USD	50.00	0.00	NR	N/A
Example 2	19/12/2020	12347	18/12/2020	1	PRM	NEW	00.00	1	N/A	USD	00.00	0.00	NR	T
Example 3	19/12/2020	12348	18/12/2020	1	PRM	NEW	50.00	1	15/01/2021	USD	50.00	0.00	NR	T

Pre-deployment signing. SDD pre SED. No impact

Pre-deployment FDO signing. No impact.

Pre-deployment signing. SDD after SED. Potential impact.

Why have Managing Agents raised a query?

- The Master List status of the original premium that the premium attaches to has a transferring status of transferring; or
- The Master List status of the original premium that the premium attaches to is mixed/unknown or not found and the FIL codes, insured domicile or risk location suggests is EEA
- The premium is advising a non-transferring status

How is it detected?

- A new premium is received. The premium was signed prior to code deployment.
- The new premium can have any premium business category.
- The new premium will have a non-Part VII trust fund code.
- Note: the signing will also appear in DS1259

Action required?

- No action required – Lloyd's and Lloyd's Europe have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd's Europe and Lloyd's of incorrectly processed business, is sufficiently low to not justify further mitigation
 - For further detail on the materiality position – see [here](#)

Category 3: Broker/Coverholder Triage



No action required

Applicable to premium bordereau processed by DXC from 21/12/2020

Why is this happening?

Brokers or coverholders are responsible for triaging all premium transactions against binding authorities and bulking lineslips which have been segmented as mixed or unknown on the Master List or are not found on the Master List.

What Managing Agents will see

- A new (version 1) premium which will have a trust fund code contrary to what they were expecting. The premium will have a signing date after 21/12/2020.
- The premium will attach to an original premium on the Master List which has a status of mixed or unknown or does not have a match on the Master List.
- The method of placement will be binder or bulking lineslip.

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	MoP	FIL, domicile and risk location	Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CAD TF	Doc Prefix	ML Status
04/01/2021	12345	15/01/2021	1	PRM	NEW	50.00	Binder	EEA	18/01/2021	USD	50.00	0.00	NR	N7	M

Why have Managing Agents raised a query?

- The Master List status of the original premium that the premium attaches to is mixed/unknown or not found and the FIL codes or insured domicile or risk location is EEA and the premium has attracted a non-P7 status (inference being an N7 bordereau prefix); or
- The Master List status of the original premium that the premium relates to is mixed/unknown or not found and the FIL codes, insured domicile and risk location is non-EEA and the premium has attracted a P7 status (inference being a P7 bordereau prefix).

How is it detected?

- The premium is processed after 21/12/2020
- The premium attaches to an original premium which has a mixed/unknown status on the Master List or is not found.
- The method of placement is Binder or Lineslip
- The bordereau file name on the IMR is inconsistent with the desired status e.g. the bureau has allocated the wrong status to a correctly named and triaged bordereaux
- Note: A signing with a non-transferring status with an EEA FIL code in FIL Code 1 or FIL Code 2 will appear in DS1259.

Action required?

- No action required – Lloyd's and Lloyd's Europe have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd's Europe and Lloyd's of incorrectly processed business, is sufficiently low to not justify further mitigation
 - For further detail on the materiality position – see [here](#)

Category 4: Coverholders domiciled in Germany



No action required

Example 1

Why is this happening?

- Prior to 2020, all reinsurance binding authorities which delegate authority to bind risks to a German domiciled Coverholder were allocated a German reinsurance FIL code, irrespective of the cedant location. This was in line with historic FIL coding requirements.
- Review in 2020 by LITA has determined FIL codes should be based on domicile of the cedant only.
- DXC have now ceased dual coding new reinsurance binding authorities where the Coverholder is located in Germany and the cedant is located outside Germany. Premiums and claims relating to these binding authorities will reflect the domicile of the cedant only.

Part VII impact

- The Master List transferring status of binding authorities was determined by the lead Managing Agent. The guidance for determining the transferring status, as stated in the MDD, was to use the regulatory risk location. However, Managing Agents may have used the FIL code (only) as a proxy for the regulatory risk location in their binding authority segmentation. In cases as described above, this would result in some cases of reinsurance binders without German domiciled cedants being classified as German and marked as transferring.
- Binding authorities which were segmented as Part VII transferring based on the presence of a German reinsurance FIL code, where that FIL code was due to a German coverholder location only, and not due to a German domiciled reinsured, have been transferred in error.
- Managing Agents may choose to review all binding authorities with a German coverholder writing reinsurance on which they lead and assess whether these binding authorities have been allocated the correct Part VII segmentation status, i.e. based on the cedant domicile, and not the domicile of the Coverholder.

What Managing Agents will see

- A USM with Part VII US/Canadian Trust Fund
- At least one FIL code (FIL 1 or FIL 2) which is a regulated (i.e. not currency or throwaway) non-German reinsurance FIL code
- Insurance Type is Reinsurance and Method of Placement set to Binding Authority
- Coverholder domicile is Germany

Example 1: Non-German Reinsurance (OSND Master List status = Transferring)

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	MoP	FIL 1 or FIL 2 and domicile and risk location	Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CA D TF	ML Status
04/01/2021	12345	{post 21/12/2020 }	{any}	{any}	{any}	50.00	Binding Authority*	Non-German Reinsurance	18/01/2021	EUR	0.00	{any amount}	P7	T

*This may includes Excess of loss business attaching to a binding authority and signed as individual declarations which display on the Master List as Excess of Loss and not Binding Authority.

Category 4: Coverholders domiciled in Germany



No action required

Example 2

Example 2: Non-German Reinsurance, non regulated FIL only (OSND Master List status = Transferring) e.g Mongolian domiciled cedant

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	MoP	FIL 1 (no FIL 2) and cedant domicile	Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CA D TF	ML Status
04/01/2021	12345	{post 21/12/2020 }	{any}	{any}	{any}	50.00	Binding Authority	Throwaway FIL only and cedant not domiciled in Germany	18/01/2021	EUR	0.00	{any amount}	P7	T

Why have Managing Agents raised a query?	How is it detected?	Action required?
<p>Binder Review initiated query (non-USM/SCM related)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Type of Insurance is Reinsurance and Method of Placement is Binder <input type="checkbox"/> Master List status is Transferring or Mixed/Unknown <input type="checkbox"/> Binding authority grants authority to bind risks from non-German cedants only <input type="checkbox"/> Coverholder is located in Germany <p>USM/SCM initiated query</p> <ul style="list-style-type: none"> <input type="checkbox"/> Type of Insurance is Reinsurance and Method of Placement is Binder <input type="checkbox"/> Master List status is Transferring or Mixed/Unknown <input type="checkbox"/> FIL code 1 or FIL code 2 is non German <input type="checkbox"/> Review of binder shows binding authority grants authority to bind risks from non-German cedants only. 	<ul style="list-style-type: none"> <input type="checkbox"/> See Binder Review initiated query <input type="checkbox"/> The premium is processed after 21/12/2020 <input type="checkbox"/> The premium attaches to an OSND which is transferring or not found on the Master List <input type="checkbox"/> Type of Insurance is Reinsurance and Method of Placement is Binder <input type="checkbox"/> The premium presents with a P7 Trust Fund value <input type="checkbox"/> FIL code 1 or FIL code 2 is non German <input type="checkbox"/> Coverholder domicile is Germany 	<ul style="list-style-type: none"> <input type="checkbox"/> No action required – Lloyd’s and Lloyd’s Europe have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd’s Europe and Lloyd’s of incorrectly processed business, is sufficiently low to not justify further mitigation <ul style="list-style-type: none"> <input type="checkbox"/> For further detail on the materiality position – see here <input type="checkbox"/> Due to the extensive exercise undertaken by the market during the Master List transferring status one-time fix disputes process, OSNDs should not be raised as a dispute in respect of incorrect premium signings

Category 5: FIL Code 3



No action required

Why is this happening?

- DXC maintain three FIL code values, FIL code 1, FIL code 2 and FIL code 3. FIL code 3 is only applicable where dual FIL coding applies and the premium is also subject to a non-regulated FIL code (e.g. non-regulated US dollars). Where a premium is dual FIL coded, and is subject to a non-regulated currency FIL code, then the non-regulated currency FIL code will be recorded in FIL code 2 and the second 'regulated' FIL code will be allocated to FIL code 3.
- FIL code 3 is not advised in the USM or SCM and was therefore not available for inclusion within the Part VII segmentation logic. There are cases where the value in FIL code 3 will have resulted in a different segmentation status to that based on FIL code 1 and FIL code 2 alone.

Part VII impact

- FIL code 3 is factored into DXC triage
- As a result, a non-Part VII Trust Fund code on premiums and claims may be received where Managing Agents are expecting a Part VII Trust Fund code due to Master List status of the OSND or where the premium or claim transaction attaches to a mixed/unknown OSND and presents in the USM with transferring attributes

What Managing Agents will see

- A USM or SCM with a non-Part VII Trust Fund
- Master List status of the OSND is transferring and a Trust Fund value of CR
- Master List status of the OSND is mixed/unknown or not found and the other characteristics of the premium or claim suggests the premium or claim should transfer and the method of placement is open market, and a not transferring Trust Fund value

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	Net Sett	MoP	FIL 1 & 2 , domicile and risk location	Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CAD TF	ML Status
{post 21/12/2020}	12345	{post 21/12/2020 }	{any}	{any}	{any}	50.00	{any}	{any}	{any}	EUR	{non zero}	0.00	CR	T
{post 21/12/2020}	12345	{post 21/12/2020 }	{any}	{any}	{any}	50.00	{any}	EEA	{any}	EUR	{non zero}	0.00	Blank*	{mixed, unknown or not found}

Category 5: FIL Code 3 (cont'd)



No action required

Why have Managing Agents raised a query?	How is it detected?	Action required?
<ul style="list-style-type: none"> <input type="checkbox"/> A USM or SCM is received that attaches to an OSND on the Master List status with a Transferring status and the US/CAD Trust Fund value is "CR" <input type="checkbox"/> A USM or SCM is received that attaches to an OSND on the Master List which is Mixed or Unknown or is Not Found and the other characteristics of the premium or claim suggests it should present with a P7 Trust Fund 	<ul style="list-style-type: none"> <input type="checkbox"/> The premium is processed after 21/12/2020 <input type="checkbox"/> The premium or claim attaches to an OSND which is transferring, mixed, unknown or not found on the Master List and FIL code 1, FIL code 2, insured domicile or risk location is EEA <input type="checkbox"/> The premium or claim presents with a non-P7 Trust Fund value <input type="checkbox"/> From April 19, 2021, FIL code 3 will present on DS1259 suspect non-transferring premium report (FIL code 3 is not available for reporting in DS1260 suspect non-transferring claims report) 	<ul style="list-style-type: none"> <input type="checkbox"/> No action required – Lloyd's and Lloyd's Europe have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd's Europe and Lloyd's of incorrectly processed business, is sufficiently low to not justify further mitigation <ul style="list-style-type: none"> <input type="checkbox"/> For further detail on the materiality position – see here <input type="checkbox"/> Due to the extensive exercise undertaken by the market during the Master List transferring status one-time fix disputes process, OSNDs should not be raised as a dispute in respect of incorrect premium signings

*FIL code 3 available from 19 April, 2021 for DS1259

Category 6: Non cash signings with money moving pre SED but processed post SED with a 'Transferring' status



No action required

Why is this happening?

- The signing was processed post the SED and attracted a Transferring trust fund code; this will be driven by either i) a definitive Transferring status of the associated OSND on the Master List, or ii) the signing relating to a Mixed or Unknown status of the associated OSND on the Master List, and the signing being triaged in as Part VII and therefore processed with a Transferring trust fund code

Part VII impact

- The money has moved prior to the SED from syndicate accounts but the signing has attracted a Part VII trust fund code; this may result in unreconciled items or a reconciliation issue

What Managing Agents will see

- A USM or SCM with a Part VII Trust Fund
- For USMs, the segmentation status of the associated OSND on the Master List is Transferring, Mixed or Unknown, or newly identified
- For SCMs, either i) the COR appears on the open COR list as a Transferring COR open at the SED, or, ii) it is a new claim post SED associated with an OSND on the Master List that is Transferring, or, iii) it is a new claim post SED associated with an OSND on the Master List that is Mixed or Unknown or newly identified and was triaged in as Part 7
- Money movement prior to the SED on a non-cash signing

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	MoP	FIL 1 & 2 , domicile and risk location	Sett Due Date	Sett Ccy	PTF Account	P7 Account	US/CAD TF	ML Status
{post 21/12/2020}	12345	{post 21/12/2020}	{any}	{any}	{any}	{any}	EEA	{any}	{any}	{non zero}	-	Part 7	M / U
{post 21/12/2020}	12345	{post 21/12/2020}	{any}	{any}	{any}	{any}	EEA	{any}	{any}	{non zero}	-	Part 7	T

Category 6: Non cash signings with money moving pre SED but processed post SED with a 'Transferring' status (cont'd)



No action required

Why have Managing Agents raised a query?	How is it detected?	Action required?
<ul style="list-style-type: none"> <input type="checkbox"/> Monies moved prior to the SED from syndicate accounts on a non-cash signing <input type="checkbox"/> A USM or SCM is received that attaches to an OSND on the Master List status with a Transferring, Mixed or Unknown or newly identified status, or relates to a claim open at the SED tagged on the open COR list as Transferring 	<ul style="list-style-type: none"> <input type="checkbox"/> The signing / transaction is processed after 21/12/2020 <input type="checkbox"/> The premium or claim attracts a Transferring trust fund code <input type="checkbox"/> The premium or claim has EEA exposure <input type="checkbox"/> The money moved from syndicate accounts 	<ul style="list-style-type: none"> <input type="checkbox"/> No action required – Lloyd's and Lloyd's Europe have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd's Europe and Lloyd's of incorrectly processed business, is sufficiently low to not justify further mitigation <ul style="list-style-type: none"> <input type="checkbox"/> For further detail on the materiality position – see here <input type="checkbox"/> Due to the extensive exercise undertaken by the market during the Master List transferring status one-time fix disputes process, OSNDs should not be raised as a dispute in respect of incorrect premium signings

Category 7: Transferring contra signings on original signings processed prior to the SED without a Part VII trust fund code



No action required

Why is this happening?

- A contra premium signing is allocated a Transferring trust fund code due to a P7 naming convention applied to bordereaux (or other supporting documents), bureau triage or from the master list for Mixed or Unknown or newly identified or transferring OSNDs; the contra relates to an premium originally signed prior to the SED

Part VII impact

- The contra signing attracts a Part 7 trust fund code and is treated as Part 7 business where the original signing was not transferring; this may result in a reconciliation issue

What Managing Agents will see

- A contra USM with a Part VII Trust Fund code
- The transferring status of the associated OSND on the Master List is Mixed or Unknown

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	MoP	FIL 1 & 2 , domicile and risk location	Sett Due Date	Sett Ccy	US/CAD TF	ML Status
{post 21/12/2020}	12345	{post 21/12/2020}	2 or greater	{any}	CON	Binder / Lineslip	EEA	{any}	{any}	Part 7	M / U

Why have Managing Agents raised a query?

- A contra signing has attracted a Transferring trust fund code but the original is a Not Transferring signing

How is it detected?

- The contra is processed after 21/12/2020
- The contra is processed as an AP/RP and not as a different version number of the original OSND or SNAD
- The contra attracts a Transferring trust fund code
- The contra relates to an OSND that is Mixed or Unknown or newly identified, and the method of placement is a Binder or Lineslip

Action required?

- No action required – Lloyd's and Lloyd's Europe have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd's Europe and Lloyd's of incorrectly processed business, is sufficiently low to not justify further mitigation
 - For further detail on the materiality position – see [here](#)
- Due to the extensive exercise undertaken by the market via the Master List transferring status one-time fix disputes process, OSNDs should not be raised as a dispute in respect of incorrect premium signings

Category 8: CMB FIL code; Canadian domiciled Coverholders writing EEA business with a 'Transferring' status



No action required

Why is this happening?

- Canadian regulated FIL codes are excluded from the Part VII; however, a Canadian regulated (CR) trust fund code is only generated where the settlement currency is CAD or USD. Under Part VII trust fund validation within DXC systems, only CR trust fund code overrides Part VII trust fund codes. Where the settlement currency is other than CAD or USD, it is therefore possible for a USM/SCM to be produced with a Part VII trust fund code if (a) the Broker/Coverholder/DCA incorrectly assigns a transferring status or (b) the bureau makes an error in triage
- Premium signings or claims transactions relating to Mixed or Unknown OSNDs on the Master List or newly identified OSND and binding authorities or lineslips as the method of placement may be incorrectly triaged in by the Coverholder / broker / DXC or DXC due to an EEA policyholder domicile

Part VII impact

- Premium signings or claims transactions relating to Mixed or Unknown OSNDs on the Master List and binding authorities or lineslips as the method of placement may be incorrectly triaged in by the Coverholder or broker due to an EEA policyholder domicile
- Because the CMB FIL codes have been classified as regulated FIL codes from a Part VII perspective, all signings with this FIL code should not transfer. This applies even where there is an EEA policyholder domicile on the signing

What Managing Agents will see

- A USM or SCM with a Part VII trust fund code and a CMB FIL code

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	MoP	FIL 1 or 2	Policyholder domicile	US/CAD TF	ML Status
{post 21/12/2020}	12345	{post 21/12/2020}	{any}	{any}	{any}	Binder / Lineslip	CMB	EEA	Part 7	M / U

Why have Managing Agents raised a query?

- A USM or SCM message with a CMB (regulated) FIL code has attracted a transferring trust fund code

How is it detected?

- The signing / transaction is processed after 21/12/2020
- Settlement currency is other than USD or CAD
- The signing / transaction attracts a Transferring trust fund code
- The signing / transaction relates to an OSND that is Mixed or Unknown or newly identified, and the method of placement is a Binder or Lineslip

Action required?

- No action required – Lloyd's and Lloyd's Europe have considered the materiality of premiums associated with the Part VII book of business, and are satisfied that the regulatory risk to Lloyd's Europe and Lloyd's of incorrectly processed business, is sufficiently low to not justify further mitigation
 - For further detail on the materiality position – see [here](#)

Claims

Claims: navigating this document

There will be cases where a Syndicate Claim Message (SCM) is received which presents with a US/CAD Trust Fund value contrary to what the Managing Agent expects. In order to determine if the SCM has been assigned an incorrect US/CAD trust fund value, Managing Agents should assess the following data fields in the SCM and/or their own Underwriting System.

Category	Description	Action
Category 1: Claim opened prior to 21/12/2020 (pre-existing claim)	Scenario A: Re-advisement of Reserve	No action required
	Scenario B: COR missed from bulk tagging exercise	No action required
	Scenario C: COR bulk tagged in error	Financial impact – potential action required
Category 2: Claim not open at 21/12/2020 (new claim)	Scenario A: Broker, Coverholder or DCA Triage error	Financial impact – potential action required
	Scenario B: Candidate for DXC Manual Triage Error or Master List error	Financial impact – potential action required
Category 3: Establishing all CORs created post-SED under the new FDO for OSNDs disputed through the Master List transferring status disputes processes where the new FDO is established as 'Mixed'		Financial impact – potential action required
Category 4: Claims correction scenarios		Dependent upon the correction scenario

Category 1: Pre-21/12/2020 Claim



No action required

Scenario A: Re-advisement of reserve

Why is this happening?

A re-advisement of a reserve is a non-Part VII related claims process which is triggered by a movement on a split claim (UCR) which effects one but not all CORs on that UCR. An SCM is generated for the impacted COR reflecting the change. In addition, SCM's are also generated for the unaffected CORs in order to maintain consistency across the sequence numbers. The SCMs for the unaffected CORs re-advise the reserve position. The trust fund code assigned on re-advisements are direct copies of the trust fund code presented in the SCM being re-advised.

What Managing Agents will see

- SCM US/CAD Trust Fund value is a non-P7 trust fund value (P7 Trust Fund value expected);
- SCM Claim Creation Date **before** 21/12/2020; and
- SCM Date Last Seen **before** 21/12/2020.

Examples

Example 1: SCM represents re-advisement of reserve (last movement pre-21/12/2020)

Expected Trust Fund	Actual Trust Fund	Claim Creation Date	Last Seen Date	COR in this MA pre SED IDL	Method of Placement	ML status of OP	EEA regulated, domiciled or risk located
{any P7 TF}	{any non-P7 TF}	{pre-21/12/20}	{pre-21/12/20}	{not relevant}	{any}	Transferring	{not relevant}
{any P7 TF}	{any non-P7 TF}	{pre-21/12/20}	{pre-21/12/20}	{not relevant}	{any}	Mixed/Unknown/Not Found	EEA
{any P7 TF}	{any non-P7 TF}	{pre-21/12/20}	{pre-21/12/20}	Yes	{any}	{not relevant}	{not relevant}

Root cause: The SCM is re-advising a pre-21/12/2020 movement.

Managing Agent action: No action required.

Category 1: Pre-21/12/2020 Claim



Action required

Scenario B: COR missed from bulk tagging exercise

Why is this happening?

In order to identify the claims to be Part VII transferred to LIC, each Managing Agent was asked to submit, as part of their pre SED IDL (data as at 30/10/2020) all CORs held in their systems which they believe should transfer to LIC.

Scope

If at least one Managing Agent submitted a COR in their pre SED IDL (data as at 30/10/2020), the COR was recorded as a candidate for the bulk tagging exercise.

Exclusions

Once the candidate COR list was compiled, the Programme executed a number of controls. CORs which could be matched to a COR in DXC systems were then subject to the DXC bulk tagging process. Managing Agents were requested to provide remediated CORs for any COR which could not be matched to DXC records.

A second bulk tagging of COR's which relate to transferred claims created between 1/11/2020 and 20/12/2020 was executed in March 2021. In addition a backlog of CORs was given to DXC to cancel and replace with Transferring trust fund codes. These relate to transferred claims created between 1/11/2020 and 20/12/2020 that moved in January and February (prior to the second bulk tagging), and therefore incorrectly attracted a Not Transferring trust fund code

What Managing Agents will see

- SCM Claim Creation Date **before** 21/12/2020;
- SCM Date Last Seen **after** 21/12/2020;
- SCM US/CAD Trust Fund value presents with a non-P7 Trust Fund code (P7 Trust Fund value expected);
- Original Premium Part VII transferring status is transferring, mixed or unknown.

Category 1: Pre-21/12/2020 Claim



Action required

Scenario B: COR missed from bulk tagging exercise (cont'd)

Examples

Example 1: COR missed from this Managing Agents' bulk tagging of transferring open claims

Expected Trust Fund	Actual Trust Fund	Claim Creation Date	Last Seen Date	COR in this MA pre SED IDL	Method of Placement	ML status of OP	EEA regulated, domiciled or risk located
{any P7 TF}	{any non-P7 TF}	{pre-1/11/20}	{post 21/12/20}	No	{any}	Transferring	{any}
{any P7 TF}	{any non-P7 TF}	{pre-1/11/20}	{post 21/12/20}	No	{any}	Mixed, unknown or not found	EEA

Root cause: COR was not submitted by any Managing Agent during open COR list creation or subsequent appends; ML status of the original premium that the claim attaches to is transferring, mixed, unknown or OSND is not on the Master List.

Managing Agent action: Remediate via the open COR list BAU disputes process. However, it should be noted that due to the extensive exercise undertaken by the Programme and the market via the open COR list one-time fix disputes process, it is expected that the BAU open COR list disputes process will be used in [exceptional circumstances only](#)

Example 2: Claim created between 1/11/2020 and 20/12/2020 – COR missed from bulk tagging exercise

Expected Trust Fund	Actual Trust Fund	Claim Creation Date	Last Seen Date	COR in this MA pre SED IDL	Method of Placement	ML status of OP	EEA regulated, domiciled or risk located
{any P7 TF}	{any non-P7 TF}	{1/11/20-21/12/20}	{post 21/12/20 and prior to the delta claims load}	No	{any}	Transferring	{any}
{any P7 TF}	{any non-P7}	{1/11/20-21/12/20}	{post 21/12/20 and prior to the delta claims load}	No	{any}	Mixed/Unknown/ Not Found	EEA

Root cause: The COR was not included in the claims bulk tagging exercise due to timing difference. Movement occurs on the claim post SED but prior to delta claims load.

Managing Agent action: Remediate via the open COR list BAU disputes process. However, it should be noted that due to the extensive exercise undertaken by the Programme and the market via the open COR list one-time fix disputes process, it is expected that the BAU open COR list disputes process will be used in [exceptional circumstances only](#)

Category 1: Pre-21/12/2020 Claim



Action required

Scenario C: Claim bulk tagged in error

Why is this happening?

In order to identify the claims to be Part VII transferred to LIC, each Managing Agent was asked to submit, as part of their pre SED IDL (data as at 30/10/2020) all CORs held in their systems which they believe should transfer to LIC.

Scope

If at least one Managing Agent submitted a COR in their pre SED IDL (data as at 30/10/2020), the COR was recorded as a candidate for the bulk tagging exercise.

What Managing Agents will see

- SCM US/CAD Trust Fund value is a non-P7 trust fund value (P7 Trust Fund value expected);
- SCM Claim Creation Date **before** 21/12/2020;
- SCM Date Last Seen **after** 21/12/2020.

Examples

Example 1: COR included in pre SED IDL (data as at 30/10/2020) by any Managing Agent in error

Expected Trust Fund	Actual Trust Fund	Claim Creation Date	Last Seen Date	COR in this MA pre SED IDL	Method of Placement	ML status of OP	EEA regulated, domiciled or risk located
{not a P7 TF}	{any P7 TF}	{pre-1/11/20}	{post 20/12/20}	No	{any}	{not NT}	{any}
{not a P7 TF}	{any P7 TF}	{pre-1/11/20}	{post 20/12/20}	Yes (in error)	{any}	{not NT}	{any}

Root cause: The COR was included erroneously in the creation of the open COR list and was not remediated during the open COR list one time fix

Managing Agent action: Remediate via the open COR list BAU disputes process. However, it should be noted that due to the extensive exercise undertaken by the Programme and the market via the open COR list one-time fix disputes process, it is expected that the BAU open COR list disputes process will be used in exceptional circumstances only

Category 2: Claims open on or after 21/12/2020



Action required

Scenario A: Broker, Coverholder or DCA triage error

Why is this happening?

Where a post 20/12/2020 claim attaches to a binding authority/bulking lineslip with a mixed or unknown Part VII segmentation status or is not found on the Master List, then the claims status is determined solely by the Broker, Coverholder, or DCA. The broker, coverholder or DCA will apply the N7 (non-transferring) or P7 (transferring) prefix to the supporting documentation accompanying the first movement on the claim. This will instruct DXC to apply either a transferring or non-transferring US/CAD TF to the COR. DXC will not query the status applied by the Broker, Coverholder, or DCA. Broker, Coverholder or DCA segmentation is only required with the first movement on the claim as the segmentation will be applied to all subsequent movements automatically.

What Managing Agents will see

- SCM US/CAD Trust Fund value is a non-P7 trust fund value (P7 Trust Fund value expected) or the SCM US/CAD Trust Fund value is a P7 trust fund (non-P7 value expected);
- SCM Claim Creation Date **on or after 21/12/2020**;
- Method of Placement is Binding Authority or Bulking Lineslip;
- Binding Authority or Bulking Lineslip transferring status is mixed or unknown or not found on the Master List.

Examples

Expected Trust Fund	Actual Trust Fund	Claim Creation Date	Last Seen Date	COR in this MA pre SED IDL	Method of Placement	ML status of OP	EEA regulated, domiciled or risk located
{not P7 TF}	{P7 TF}	{post 20/12/2020}	{post 20/12/20}	No	Binder or lineslip	Mixed/Unknown/ Not Found	Not EEA
{P7 TF}	{not P7 TF}	{post 20/12/2020}	{post 20/12/20}	No	Binder or Lineslip	Mixed/Unknown/ Not Found	EEA

Root cause: The segmentation status was determined by the Broker, Coverholder or DCA.

Managing Agent action: Liaise with the Broker, Coverholder or DCA; if agreement is reached that the claim has been triaged in error, follow the BAU claims triage outcome disputes process, specifically process 2a – incorrect Broker / Coverholder / DCA triage

Category 2: Claims open on or after 21/12/2020



Action required

Scenario B: DXC triage or Master List error

Why is this happening?

Where the claim **does not** attach to a binding authority/bulking lineslip with a mixed, unknown Part VII segmentation status or is not found on the Master List, then the claims status is determined by DXC.

What Managing Agents will see

- SCM US/CAD Trust Fund value is a non-P7 trust fund value (P7 Trust Fund value expected) or the SCM US/CAD Trust Fund value is a P7 trust fund (non-P7 value expected);
- SCM Claim Creation Date **post 20/12/2020**;
- Method of Placement is a Binding Authority or Bulking Lineslip with a definitive (transferring/not transferring) status;
- Method of Placement is Open Market (Any Master List status).

Examples

Example 1: COR attaches to a OSND with a definitive transferring or non-transferring status

Expected Trust Fund	Actual Trust Fund	Claim Creation Date	Last Seen Date	COR in this MA pre SED IDL	Method of Placement	ML status of OP	EEA regulated, domiciled or risk located
{P7 TF}	{not P7 TF}	{post 20/12/2020}	{post 20/12/20}	No	{any}	Transferring	Not EEA
{not P7 TF}	{P7 TF}	{post 20/12/2020}	{post 20/12/20}	No	{any}	Not Transferring	EEA

Root cause: The transferring/non-transferring status of the COR follows the status of the OSND to which it attaches; if the transferring / not transferring is viewed as incorrect (ie. the OSND has no EEA exposure), the transferring / not transferring status of the OSND on the Master List is incorrect

Managing Agent action: Due to the extensive exercise undertaken by the Programme and the market via the Master List transferring status one-time fix disputes process, the BAU Master List transferring status disputes process is expected to be used in exceptional circumstances only; if a Master List dispute is identified and has material open claims attached, it should be raised as a dispute to Lloyd's Europe

Category 2: Claims open on or after 20/12/2020



Action required

Scenario B: DXC triage or Master List error (cont'd)

Example 2: COR incorrectly triaged

Expected Trust Fund	Actual Trust Fund	Claim Creation Date	Last Seen Date	COR in this MA pre SED IDL	Method of Placement	ML status of OP	EEA regulated, domiciled or risk located
{not a P7 TF}	{any P7 TF}	{post 20/12/20}	{post 20/12/20}	No	Open Market	Mixed/Unknown or Not Found	Not EEA
{any P7 TF}	{any non P7 TF}	{post 20/12/20}	{post 20/12/20}	No	Open Market	Mixed/Unknown or Not Found	EEA

Root cause: Transferring/non-transferring status of the COR was determined by DXC in error.

Managing Agent action: If the claim has been incorrectly triaged by DXC, raise dispute via the BAU claims triage outcome disputes process, specifically process 2c – incorrect bureau triage



Category 3: Establishing all CORs created post-SED under the new FDO for OSNDs disputed through the Master List transferring status disputes processes where the new FDO is established as 'Mixed'

Why is this happening?

- Where an OSND is disputed as part of the Master List transferring status disputes process, a new FDO is created with a corrected transferring status to replace the old OSND. Where the new FDO status is 'Mixed,' all CORs created post SED relating to the disputed OSND need to be closed down and re-established under the new FDO to ensure future movements can be processed against the new FDO, even if the COR currently has a correct trust fund code. This is because the old OSND with the incorrect transferring status will be blocked from any future activity; as a result, no premium or claims can be processed against that OSND

Part VII impact

- If CORs relating to FDOs established as 'Mixed' through the Master List transferring status disputes process are not closed down and re-established under the new FDO, they will remain associated with the blocked OSND. If movements occur, this will require DXC to unblock and re-block the OSND, causing an unnecessary delay
- The broker will be required to close down any new CORs created since the SED and establish new CORs under the new FDO to ensure the CORs can continue to be processed with correct trust fund coding; this can only happen once a new FDO is generated by DXC upon instruction from the lead Managing Agent

What Managing Agents will see

- A new FDO created as a result of the Master List transferring status disputes process with a Mixed status
- New SCMs established under the new FDO with a Mixed status
- Cancelled SCMs relating to CORs established under the old disputed OSND

Processing Day	Signing No.	Signing Date	Vers.	Business Category	Processing Type	MoP	FIL 1 & 2 , domicile and risk location	Period Narrative	US/CAD TF	ML Status
{post 21/12/2020}	12345	{pre 21/12/2020}	2	PRM	CAN	{any}	{any}	-	{any}	N or T
{post 21/12/2020}	12345	{post 21/12/2020}	1	PRM	FDO	{any}	{any}	Replaces OSND 12345-1/1/2019 (N)	{any}	M

Processing Day	COR	OSND / FDO	Vers.	Business Category	Processing Type	MoP	FIL 1 & 2 , domicile and risk location	US/CAD TF	ML Status
{post 21/12/2020}	M123456788	{any}	2	CLM	CAN	{any}	{any}	{any}	M
{post 21/12/2020}	M123456789	{any}	1	CLM	NEW	{any}	{any}	{any}	M

Category 4: Claims corrections scenarios

Why is this happening?

- There are a number of scenarios where corrections are required on claims which have attracted an incorrect transferring status; these scenarios are listed below with an explanation of the trigger for the change and the action DXC will take to remediate
- The scenarios include whether the claim is cancelled and replaced (C&R), whether the trust fund code changes and whether the claim is cash or non-cash

What Managing Agents will see

- Part VII Trust fund code errors will be corrected from the Go-live date of 21/12/2020
- Where corrections are made, the original COR will be closed but the paid to date prior to the Go Live date of 21/12/2020 to remain on the existing COR. Any new payments after the Go Live date will be transferred to a new COR with the correct Trust fund code status
- DXC will add a security note to show that the COR is replaced by a new COR due to a Part VII trust fund code amendment

Claims corrections scenarios

- Duplicate COR for same country of origin but different FIL code with previously Paid amounts on both CORs. In this instance a refund of the total paid to date off the incorrect COR and replace on the correct FIL Code COR. The old COR will be closed with an X qualifier and security note entry added stating not to use the existing COR
- Incorrect payee broker and incorrect trust fund code. The COR will be cancelled and replaced, refunding the incorrect payment to the incorrect broker, and replaced on new COR with correct trust fund code and to correct broker number as per the BAU corrections process
- Incorrect settlement currency; cancel and replace the COR as per the BAU corrections process
- Individual loss exceeding block threshold on bulk signing and not all paid was moved when the individual COR was created. Previous paid on block was a non Part VII trust fund code (which was correct at the time), however, the new COR and existing block now have a Part VII trust fund code. In this instance the previously paid for individual loss will be moved from the block COR to the individual COR as per the BAU corrections process
- Market Change from inception on a COR with previously paid prior to the Go Live date. The COR will be cancelled and replaced as per the BAU corrections process with the PTD from the incorrect market moving to a new COR with new market.
- Incorrect payment field in XCS class, previously paid as Loss, but should be split Expense/Fees; the COR will follow the BAU correction process
- Cash/Non-cash issue where a COR processed prior to Go Live date (21/12/2020) as non-cash in error against a Non Part VII trust fund code; a cancelling movement will be processed against the COR with a Part VII trust fund code (this may be auto-allocated from the open COR list) and a replacement created with a Part VII trust fund code
- Incorrect amount paid prior to Go Live date. i.e. paid 50,000 should have been 5,000 with a non-Part VII trust fund code. The COR will be cancelled with the 50,000 payment with a Part VII trust fund code (this may be auto-allocated from the open COR list) and replaced as a COR with 5,000 with a Part VII trust fund code
- Incorrect surplus lines state code applied and previously paid as non Part VII trust fund code, when paid to date reduced to zero system updated to a Part VII trust fund code, then reinstated on the same COR with amended state code following the BAU process

Part VII Disputes – Bureau Messages Worked Examples

Part VII Master List Disputes

Message examples

OSNDs

- Disputed OSND on the Master List
 - No cancellation message (USM or SCM) will be received for the disputed OSND
 - It has been blocked to prevent future movements on associated premiums and claims
- Replacement FDO
 - A replacement FDO (USM) with a new original signing number and original signing date will be created
 - Detail of the old OSND, its transferring status and the new FDO transferring status can be found in the period narrative on the FDO report (DS1300) that impacted syndicates receive
 - The FDO itself does not have a Part VII status; the trust fund code field is irrelevant for FDOs. Future claims and premiums associated with the FDO will be processed in line with the new transferring status detailed in the FDO report
 - Where the FDO is Mixed, future premium and claims movements will be subject to triage processes
- The FDO report can be utilised to ascertain the disputed OSND, old and new transferring status for the FDO

Blocking the existing OSND

Screenshots below from Account Enquiry

The existing OSND is blocked

DXC technology | about | logout

Block Details | print | help

prev | next | key | splits | sel | hist | sect | mkt | ta | strnc | fa | corr | ad-hoc

Slip Broker: [redacted] UMR: [redacted] 114 | Treaty No: n/a

This SECTION has been blocked

Block Information

Blocked on	21/10/2021	at	15.04.43
Unblocked on		at	
Blocked by	ULIS3QS		
Department	97 - 97-LPSO SYSTEMS SUPPORT, LEVEL 3		
Lloyd's Extn	2121		

Block Reason

PART VII REPLACED BY 22296*23/08/2021

There is no change to or new USM generated on the disputed OSND. The original USM associated with the original signing contained:

Business Summary | print | help

prev | next | key | splits | sel | hist | sect | mkt | ta | strnc | fa | corr | ad-hoc

Slip Broker	[redacted]	UMR	[redacted]	114	Treaty No	n/a
OSND					21844 * 13/11/2014	
OCND					21844 * 13/11/2014	

Broker	Yr/Ac	PIL	HL Cd	DTI	DB	F	NH	Category	Q Cat	Tab Ref
CTS Ind	2014	XXXX	DB	F	NH			PREMIUM FDO	F	PRM 12/11/2014
Lloyd's Line		Synch		VAT Amount		Nett Amount		FDO		
Work Package Reference		100.00000000 %		Broker Reference		IPT Amount		Nett Var Amount		
ANFFBLE		[redacted]		[redacted]		0.00				
TY Code	VAT Code	Risk Code	Type of Account		Adjustable	CPG				
		NA	Slip Added		No	No				

Insured [redacted]

Policy Period 01/11/2014 To 31/10/2015 B01, ATZ AT ADDRESS OF COVERHOLDER.

Insured SECT A) TPL ETC-INDUSTRIAL ETC D18 B-/OR R/X LTD B/AI/PH (NA) SCHEDULE 1

Sum Insured [redacted]

Territorial Limits WORLDWIDE ERO INSURED DOM IN ITALY/REP. OF SAN MARINO/VATICAN CITY

Perils/Conditions -

Premium 100 % FDO

Account Dates PRESENTED ON 10/11/2014. LAST ACTUAL PAYMENT DATE 18/11/2014

Policy Producer BROKER

Payment Type ANY DAY SETTLEMENT - Cash

A new FDO (OSND) is created Screenshots below from Account Enquiry

This will generate a new FDO USM containing narrative under the Policy Period showing its new Part VII status and the OSND and status of the OSND that has been blocked.

Bureau Summary
print help

prev next
key splits sel hist sect mkt ta strnt fa corr ad-hoc

Slip Broker	[REDACTED]	UMR	[REDACTED]	114	Treaty No	n/a
OBSND		BSND			22296 * 23/08/2021	
OCSND		CSND			22296 * 23/08/2021	

Broker	Yr/Ac	FIL	Mkt Cd	DTI	Category	Q Cat	Tab Ref
[REDACTED]	2014	XXX5	OB	F	NM	PREMIUM FDO	PRM 23/08/2021
CTS Ind			Lloyd's Line		Synds	VAT Amount	Nett Amount
N		100.00000000 %		1			EUR FDO
Work Package Reference			Broker References			IPT Amount	Nett War Amount
AMFEBLE		[REDACTED]	[REDACTED]			0.00	
TF Codes	VAT Code		Risk Code		Type of Account	Adjustable	CPA
			NA		Slip Added	No	No

Insured	[REDACTED]
Policy Period	01/11/2014 To 30/10/2015 FDO (T) REPLACES 21644*13112014 (NT)
Interest	SECT A) TPL ETC-INDUSTRIAL ETC DIR &/OR R/I LTD B/AUTH (NA) SCHEDULE 1
Sum Insured	[REDACTED]
Territorial Limits	WORLDWIDE IRO INSUREDS DOM IN ITALY/REP. OF SAN MARINO/VATICAN CITY
Perils/Conditions	-
Premium	100 % FDO
Account Dates	PRESENTED ON 10/11/2014, LAST ACTUAL PAYMENT DATE 26/08/2021
Policy Producer	BROKER
Payment Type	ANY DAY SETTLEMENT - Cash

Part VII Master List Disputes

Message examples

Claims

- Disputed COR
 - A new SCM (cancellation) message on the COR reference for the disputed COR
 - Outstanding reduced to zero on the SCM message
 - A new USM reflecting Paid This Time (PTT) reversal for all payments made since the Scheme Effective Date (SED – 21/12/2020), where applicable
 - The same trust fund code representing an incorrect transferring status on both the new SCM and USM
- Replacement COR
 - A new SCM with a new COR reference with an AA movement which replaces the disputed COR
 - An outstanding position reflecting the disputed CORs outstanding position
 - A new USM with a PTT reflecting an equal and opposite amount as the PTT reversal (on the disputed COR) for all payments made since the SED
 - A different trust fund code representing a corrected transferring status on both the new SCM and USM

The existing COR on the existing OSND and UCR is closed

Screenshots from XCS CLASS

In this example the closing movement is only in relation to outstandings, but any paid claims since SED would be show here as contra amounts equal to the sum of any such claims – if Movement CA0821 was 1,000 Paid This Time and BZ0721 was 500, the closing movement CB1021 would have shown -1,500 PTT and an Outstanding of 0.00. SCM and, where applicable, USM will be generated.

Cancel

Movements History

UCR: [redacted] BANA XCR: [redacted] OSND: 21644 * 13/11/14
 Signed: Y Current Bkr: [redacted] COR: N 40399/520116
 Peer Review: N Orig Ccy: EUR

Mvmt Ref	PTT in Orig	O/S	O/S Qual	Trans Date	TDN	User Id
CB1021	0.00	0.00	C	21/10/2021	00000 * 00/00/0000	RK16
CA0821	0.00	16,070		12/08/2021	00000 * 00/00/0000	UU2
BZ0721	0.00	16,070		14/07/2021	00000 * 00/00/0000	VK10
BY0621	0.00	16,070		15/06/2021	00000 * 00/00/0000	SV5
BX0421	0.00	16,070		29/04/2021	00000 * 00/00/0000	PA8
BW0321	0.00	16,070		19/03/2021	00000 * 00/00/0000	MA4
BV0221	0.00	16,070		24/02/2021	00000 * 00/00/0000	AB22
BU0221	0.00	16,070		01/02/2021	00000 * 00/00/0000	PA8
BT1220	0.00	16,140		10/12/2020	00000 * 00/00/0000	MA4
BS1120	0.00	16,140		25/11/2020	00000 * 00/00/0000	MR16
BR1020	0.00	16,140		23/10/2020	00000 * 00/00/0000	CG7
BQ0920	0.00	16,140		21/09/2020	00000 * 00/00/0000	SD15
BP0820	0.00	16,140		26/08/2020	00000 * 00/00/0000	TN5
BO0720	0.00	16,140		14/07/2020	00000 * 00/00/0000	VK10
BN0620	0.00	36,140		25/06/2020	00000 * 00/00/0000	MP11
BM0520	140	36,140		21/05/2020	20125 * 21/05/2020	MN11

The original incorrect trust fund is retained on the closing movement:

Market Details

Audit/Risk:	NA	US/Can Ind:	N	US/Can TF:
Other TF:		DTI:	7	County Code:
Country Of Origin:	IT	State:		
FIL 1:	IT31	FIL 2:		
NAIC:		NAIC Qual:		
No of Syndicates:	1	Total Lines:	100	Market Source: L

US/Can TF:

A new COR on the new OSND is established under a new UCR Screenshots from XCS CLASS

The first movement reestablishes what has been removed from the existing COR, in this case the outstanding amounts. Had there been a contra of -1,500 PTT in relation to post SED paid claims, this replacement COR would show 1,500 in PTT and an Outstanding of 16,070. SCM and, where applicable, USM will be generated.

Movements History

Cancel

UCR: [Redacted] ANAA XCR: [Redacted] OSND: 22296 * 23/08/21
 Signed: Y Current Bkr: [Redacted] COR: N 40093/581021
 Peer Review: N Orig Ccy: EUR

Mvmt Ref	PTT in Orig	O/S	O/S Qual	Trans Date	TDN	User Id
AB1121	0.00	16,070		19/11/2021	00000 * 00/00/0000	AM22
AA1021	0.00	16,070		18/10/2021	00000 * 00/00/0000	MP11

The new correct trust fund is entered on the first movement and used thereafter:

Market Details

Audit/Risk:	NA	US/Can Ind:	N	US/Can TF:	P7
Other TF:		DTI:	?	County Code:	
Country Of Origin:	IT	State:			
FIL 1:	ITKL	FIL 2:			
NATC:		NATC Qual:		Market Source:	L
No of Syndicates:	1	Total Lines:	000		

US/Can TF: P7

Asset Transfer

Asset transfer and reinsurance

The asset movements on Scheme Effective Date (SED) are in four stages

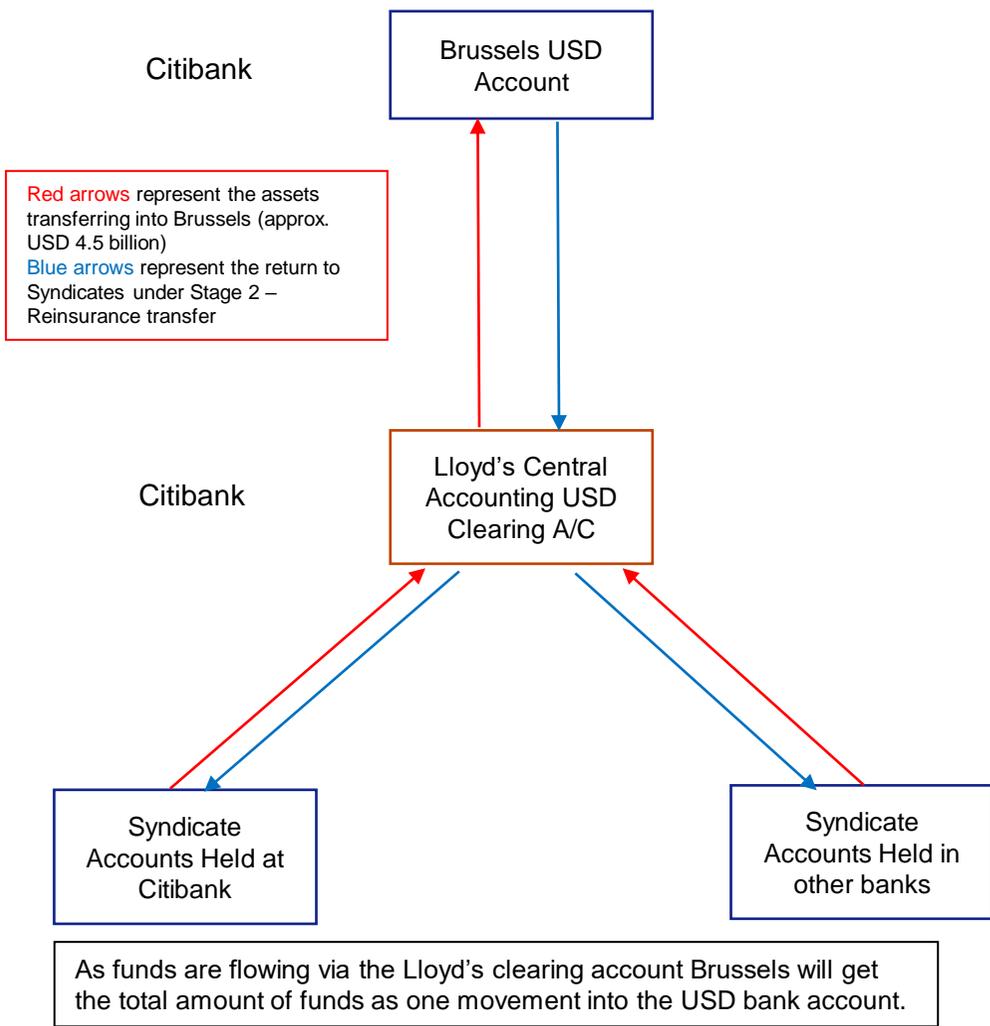
Stage	Stage name	Funds transferring	From	To	Action by	CUR
1	Part VII asset transfer <small>note 1</small>	Assets equal to the value of the Part VII liabilities transferring	<ul style="list-style-type: none"> • Syndicate accounts 	<ul style="list-style-type: none"> • Brussels USD account • Via Lloyd's Central Accounting USD Clearing A/C 	STFO	USD
2	Reinsurance transfer	Assets equal to the reinsurance premium	<ul style="list-style-type: none"> • Brussels USD account 	<ul style="list-style-type: none"> • Syndicate accounts • Via Lloyd's Central Accounting USD Clearing A/C 	STFO	USD
3	Part VII Settlement accounts	Required Initial Floats amounts for LIC Part VII settlement accounts	<ul style="list-style-type: none"> • Syndicate accounts 	<ul style="list-style-type: none"> • LIC Part VII Settlement accounts (CUR) • Via Lloyd's Central Accounting (CUR) Clearing A/C 	STFO	Various (note 2)
4a	Loss funds	Required Initial Floats for DCA loss funds	<p>MAAs will be responsible for ensuring loss funds are in place at the Coverholders and DCAs (note 3)</p>		MAAs /CHs and DCAs	Various
4b	Sundry assets and liabilities	Smaller asset/liability groups which need to be transferred (detailed instructions to follow)	<p>The following groups are being individually considered -</p> <ul style="list-style-type: none"> • Letters of Credit • Transactions outside Coverholder Loss Funds • Profit Commissions • German Reinsurance (Deposits to Cedants) • Clawbacks on Reinsurance 		TBC	Various

Notes

1. This covers the value of transferring liabilities that is compensated in cash. In practice, part of the consideration will be non-cash, in the form of premium receivable assets transferred from Syndicates to LIC under the Scheme.
2. For stage 3 the cash will be moved in each of the currencies for which claims may need to be paid. There are up to 14 currencies involved, although Syndicates usually have no more than 4-5. (Accounts will not be set up for currencies which do not apply to a Syndicate's transferring business and there may be rationalisation in some cases.) For stage 4 bank accounts will be in the appropriate currency for the loss fund.
3. Since the main actions for Stage 4a are by the Market, a more detailed process design follows later in the MDD.

Day 1 asset transfers

Mechanics of the transfers and flow of funds (stages 1 and 2)



- The Part VII transfer of assets will be in one currency – USD.
- STFO will process the Part VII transactions into the banking systems on 23 December 2020 for settlement on 30 December 2020.
- There will be four settlement pseudo-bank holidays (non-settlement dates) on 24, 29, 30 and 31 December 2020.
- Lloyd's Group Finance will receive a file detailing Syndicate, Year of Account and amount to transfer, which they will then process as two files via ARCS (Apportionment, Reporting and Collection System).
- The first will debit the Syndicates USD LDTF account and credit Brussels Broker 1966 and the second will credit the Syndicates USD LDTF account and debit Brussels Broker 1966.
- This will be processed via STFO using the Non-Central Accounts Banking as ad hoc payment runs.
- ARCS will produce an "invoice" for these movements which the syndicates will receive on 23 December 2020.
- Citibank have confirmed that they will work with Lloyd's to put a "daylight exposure limit" in place to ensure that the funds can move without Syndicates having to liquidate assets.
- There are some syndicates who do not have their bank accounts at Citibank. These syndicates will need to talk to their banks to ensure that they will allow the funds to leave their bank account in a timely manner to prevent an overdraft in the Lloyd's clearing account. Lloyd's will charge overdraft interest at 5% above the current base rate should this happen.
- Syndicates will receive an earlier estimate of the transfer amounts on 23 October 2020 which will assist those syndicates not with Citibank to agree a similar daylight limit arrangement with their own banks.

Part VII Loss Funds

Summary loss fund solution

MA's are required to ensure adequate loss funds are in place for all transferring binders, either by transferring ownership in existing loss funds or setting up and transferring new loss funds

Important notes –

1. The use of loss funds is not mandatory for the transferring business provided that an alternative arrangement is in place by which Lloyd's Europe funds will be used to pay claims. Whatever method is used for claims payments on the transferring business syndicate funds cannot be used to pay Lloyd's Europe claims from SED onwards. The instructions in this section apply to cases where a loss fund is the appropriate arrangement for paying claims.
2. For a subscription binder, the MA for the lead syndicate should take responsibility on behalf of followers for the MA actions described in this section except for Master Load submission and the monthly reporting requirements which apply to both lead and follow underwriters.

Pre Scheme Effective Date (“SED”)

- New loss funds to be arranged, if not in place, at UMR level, or for mixed binders, for transferring part of UMR
- Top ups to loss funds for transferring claims to be paid to Coverholder/DCA where not adequate
- MA's should identify loss fund CORs for transferring binders and include these in Initial Load Master Level file submission
- MA's will sign an agreement with LIC transferring to LIC the ownership in all loss funds paid to Coverholders/DCAs prior to SED for transferring business. Transfer of ownership to take place on SED
- MA's will contact all Coverholders/DCAs to inform them that ownership in specified loss funds will be changing on SED from syndicate to LIC and ask Coverholders/DCAs to provide written confirmation that, from SED, banking arrangements will reflect changed ownership

Post SED

- Coverholders/DCAs hold syndicate funds for non-transferring business claims (if any) and LIC funds in different bank accounts
- Transferred loss fund CORs flagged with Part VII trust fund code
- Additional payments to loss funds and or recoveries processed via LIC settlement account
- Loss fund payments and total net paid to date to be reported to LIC in monthly report
- After all claims paid under a binder, the loss fund, including any excess, to be returned to LIC and then to the syndicate. Any shortfall to be borne by syndicate.

Adequate loss fund requirement

- Where Coverholders or DCAs will be relying on loss funds to ensure that Part VII claims will be paid promptly, MAs need to ensure that these are adequate so that no delay is incurred in payment once a claim is agreed
- MAs therefore need to check that loss funds are in place for all UMRs that are transferring and that the value of these funds is adequate based on anticipated claim payments
- Where loss funds are not in place, or are inadequate, arrangements should be made via the broker to provide new loss funds
- Adequate loss funds should be in place for each binder, or transferring part of mixed binders, **by 23 October 2020**
- It will be the MAs' responsibility to ensure that the broker recognises these loss funds as LIC loss funds so that post transfer any additional loss fund payments are paid to and/or held in the right bank account by the Coverholder/DCA
- Where loss funds are being held by Coverholders/DCAs for transferring binders where there are no open claims and no further claims are anticipated, MAs are encouraged to recover these funds prior to SED

Mixed binders – setting up new transferring loss fund CORs

- Where there are both transferring and non-transferring claims under a single binder, there will need to be a separate loss fund for the transferring and non-transferring claims
- If it is a UK mixed binder, there may already be two loss funds in place, one for the EU claims in Euros and one for the UK claims in GBP in which case it may not be necessary to set up a new loss fund COR for the transferring claims
- Where there is only one loss fund COR in place for both transferring and non-transferring parts of the binder, a new loss fund COR will need to be set up for the transferring part of the binder
- Lead MAs should ask brokers to create a new UCR for any new loss fund CORs required
- The funds comprising this new loss fund COR could be transferred from the pre-existing loss fund COR by means of a non-cash settlement transaction if the funds are adequate to be split across both parts of the mixed UMR
- Otherwise new funds will need to be paid against the new loss fund COR
- The lead MA should inform the broker that all funds paid to Coverholders/DCAs via transferring loss fund CORs will be owned by LIC post SED and should be held by the Coverholder/DCA in a bank account in LICs name

Identifying loss fund CORs for Initial Load

- MAs will need to be able to identify all transferring loss fund CORs
- This will be based on UMR triage for transferring binders, but a specific record will need to be kept by MAs of CORs for the transferring element of a mixed or unknown binder
- MAs are required to report the paid to date for all loss fund CORs in the Initial Load Master Level file submission
- MAs will also need to identify all transferring CORs for the purpose of transferring ownership in these loss funds
- DXC will bulk flag all CORs that are reported in the Initial Load submission so loss fund CORs will be flagged as Part VII in syndicate claim messages after the first transaction after SED

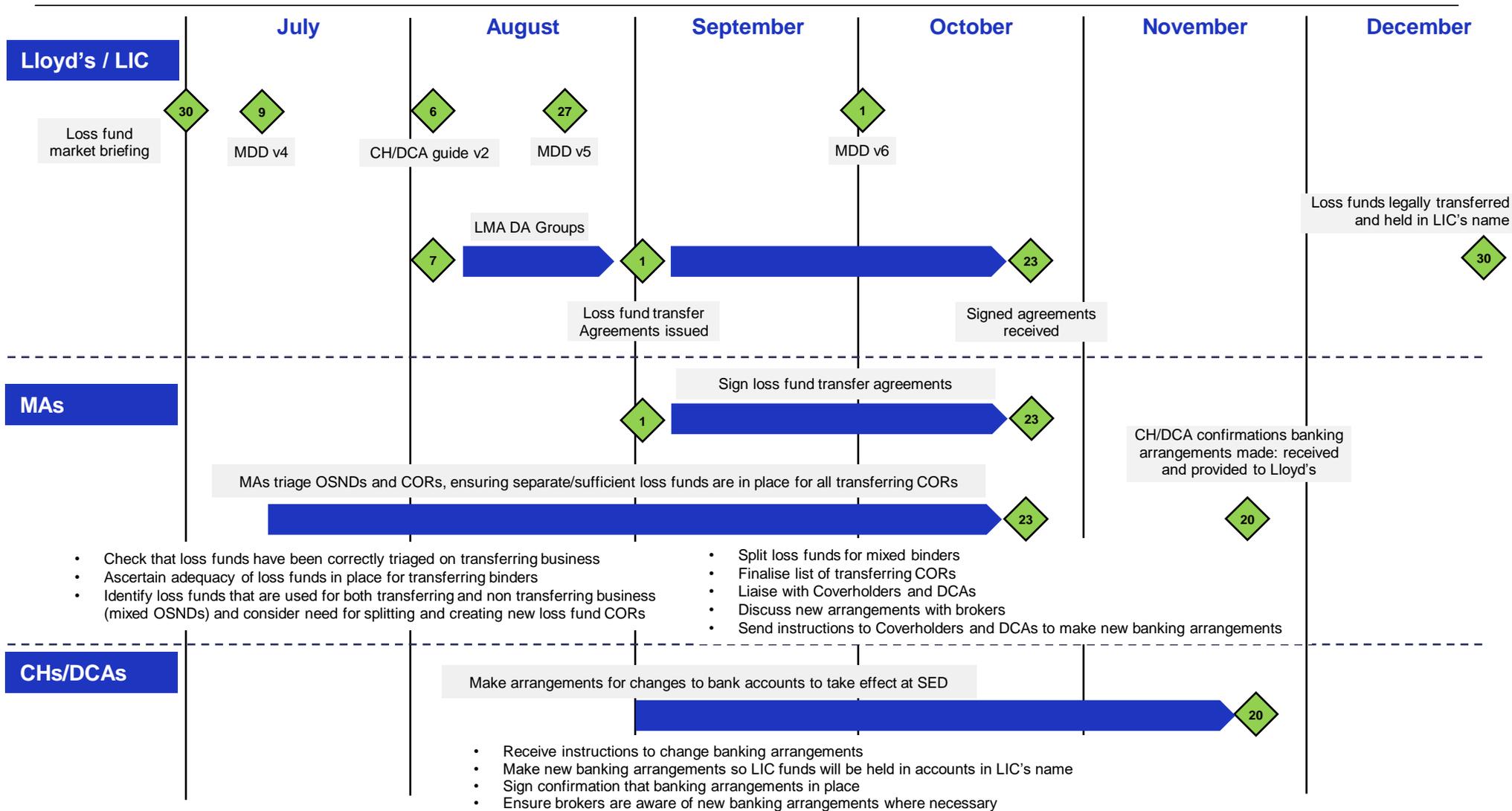
Transfer of ownership and banking arrangements

- MAs will be asked to sign an agreement with LIC to transfer ownership to LIC of loss funds that have been paid to Coverholders/DCAs prior to SED for transferring business.
- The agreement will list loss funds to be transferred, identified by UMR/OSND/COR. MAs will agree that:
 - ownership in the funds will be transferred to LIC on SED
 - they will contact Coverholders/DCAs holding the funds and inform them of the change in ownership
 - Coverholders/DCAs will be asked to confirm in writing that arrangements have been made so that, from SED, LIC's loss funds will be held in a bank account separate to bank account(s) held for syndicate funds
- Agreement will be available to MAs **1 September 2020** to be signed by MAs and returned to Lloyd's by **23 October 2020**
- MAs will need to provide list of all transferring loss fund CORs to append to signed Agreement
- Standard confirmation document that Coverholders/DCAs will be asked to sign will be provided to MAs
- Confirmation documents to be signed by Coverholders/DCAs and returned to Lloyd's by **20 November 2020**
- Guidance will be provided by Lloyd's to Coverholders and registered DCAs in the Coverholder/DCA Guide to inform them of approach that will be taken

Post SED

- Coverholders/DCAs hold syndicate funds for non-transferring business claims (if any) and LIC funds in different bank accounts
- All LIC claims paid by Coverholders/DCAs will be paid from funds held in LIC bank accounts
- Transferred loss fund CORs will be flagged as Part VII and additional payments to LIC loss funds and or recoveries will be processed via LIC settlement account
- Loss fund payments and total net paid to date to be reported to LIC by MAs in monthly report
- MAs should continue to monitor adequacy of loss funds, and top up or recover as and when required, via transferring loss fund CORs
- Managing Agents should check via audits that all LIC funds are held by Coverholders/DCAs in separate bank accounts
- After all claims under a binder have been paid, the loss fund will be returned to LIC and then to syndicate. Any shortfall to be met by syndicate.

Loss funds timeline



Loss funds for non-bureau business – summary requirements

The principles of the guidance for loss funds held for bureau business also apply to loss funds held by Coverholders and DCAs for non-bureau business, but there will be some differences in referencing and reporting.

Stage	Key actions
Adequate loss fund requirement	<ul style="list-style-type: none"> Where the guidance for bureau business refers to 'UMR', 'OSND' and 'COR' apply their equivalents in the system used to process the non-bureau business. Ensure adequate loss funds are in place for the transferring business – top-up or provide new loss funds via the broker if required. Ensure brokers know that these loss funds will belong to LIC from SED. For transferring business with no open claims and no further claims expected recover the funds before SED.
Mixed binders	<ul style="list-style-type: none"> Where there are both transferring and non-transferring claims under a single binder, there will need to be a separate loss fund for the transferring and non-transferring claims. If there is only one loss fund in place for both transferring and non-transferring parts of the binder, Lead MAs should arrange for a new loss fund to be set up for the transferring part. Ensure the new loss fund is adequately funded either by making a transfer from the existing loss fund if it has sufficient funds for both or arranging for new funds. Lead MA to inform broker that LIC owns the loss fund for the transferring business from SED.
Identifying loss funds for the initial load	<ul style="list-style-type: none"> MAs to identify all transferring loss funds by a suitable reference similar to the UMR/OSND/COR. The reporting arrangements for the Initial Load Master Level file submission can be found here Part VII Operational Data Model Detailed Guidance
Transfer of ownership and banking arrangements	<ul style="list-style-type: none"> As for bureau loss funds, MAs must sign the loss funds transfer agreement, listing loss funds to be transferred identified by some suitable reference equivalent to UMR/OSND/COR MAs to ensure Coverholders/DCAs sign the confirmation that banking arrangements have been made to hold funds in LIC's name from SED.
Post SED	<ul style="list-style-type: none"> Actions post-SED are the same as for bureau business as regards banking arrangements, claims payments, monitoring adequacy of loss funds, auditing, and returning loss funds when all claims have been paid. The reporting arrangements are slightly different - see Part VII Operational Data Model Detailed Guidance

Claims handling arrangements for third parties

Coverholders, DCAs and Service Companies

Some MAs have sought guidance on arrangements for claims payments through third parties where loss funds may not be the best approach. There could be a number of acceptable arrangements used in the market and Lloyd's Europe does not want to be prescriptive, but some high level guidance is provided here. If MAs wish to discuss whether specific arrangements are suitable please contact us through the Part7 mailbox.

Key requirements

The key requirements for any arrangement for claims payments through a third party are –

1. Syndicate funds cannot be used to pay Lloyd's Europe claims from SED onwards (see notes)
2. The arrangement must meet the reporting requirements of Lloyd's Europe
3. The arrangement must facilitate the prompt payment of agreed claims

Notes

- Syndicate funds are held in Premium Trust Funds solely for business insured by the syndicate.
- Whilst the transferring business is reinsured back to the syndicate, under the reinsurance agreement the syndicate's liability is to reimburse Lloyd's Europe for the claims Lloyd's Europe pays on this business. The syndicate cannot legally meet the claims by paying the policyholder of Lloyd's Europe directly.

Possible arrangements for service companies

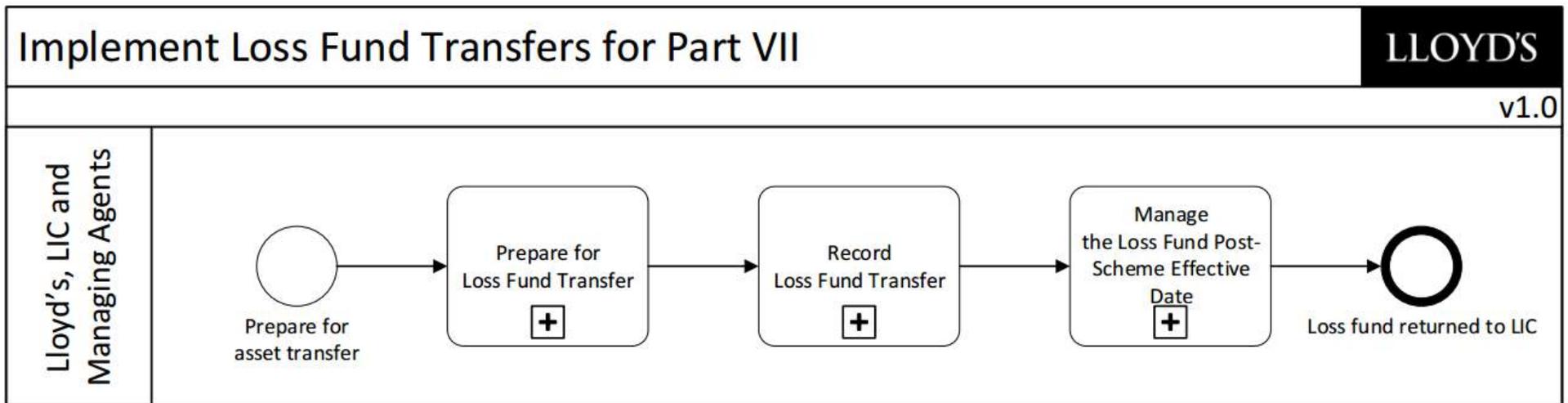
- If funds previously paid to a service company are to continue to be used to pay claims on the transferred business, they must be transferred legally to Lloyd's Europe as is happening for Coverholder and DCA loss funds.
- MAs could grant their service companies direct access to the Lloyd's Europe Part 7 settlement accounts to pay Lloyd's Europe claims, subject to the following considerations:
 - Managing Agents are reminded that under the Reinsurance Agreement, the reinsuring syndicate is liable for all recoveries for any monies paid from the Part VII Settlement Accounts
 - Under the terms of the Outsourcing Agreement managing agents may appoint service companies to operate the Settlement Accounts, but in doing so would be required to control access and set authorisation / payment limits for the parties concerned
 - Part VII data provision must always reflect all transactions paid into / out of the Part VII Settlement Accounts
 - If Service Companies do make direct settlement, this should be made following the guidance outlined on this [slide](#)
 - Any payment which is made on a direct settlement basis should be accompanied by master level data – any individual payment from the Part VII Settlement Account requires a Master Level data item to enable reconciliation
 - Managing Agents remain responsible for reconciling Part VII Settlement Account movements with the monthly data that they provide to LIC
- As noted under 'key requirements' it is not acceptable for a service company to continue to have access to syndicate bank accounts to pay claims on the transferring business after SED.

Part VII – Loss Fund Transfers

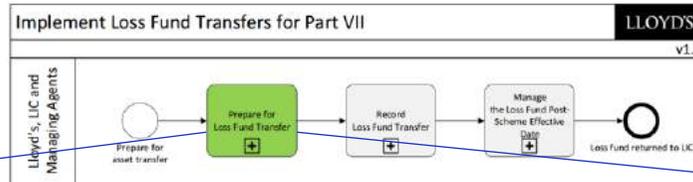
Business Processes

Implement Loss Fund Transfers for Part VII

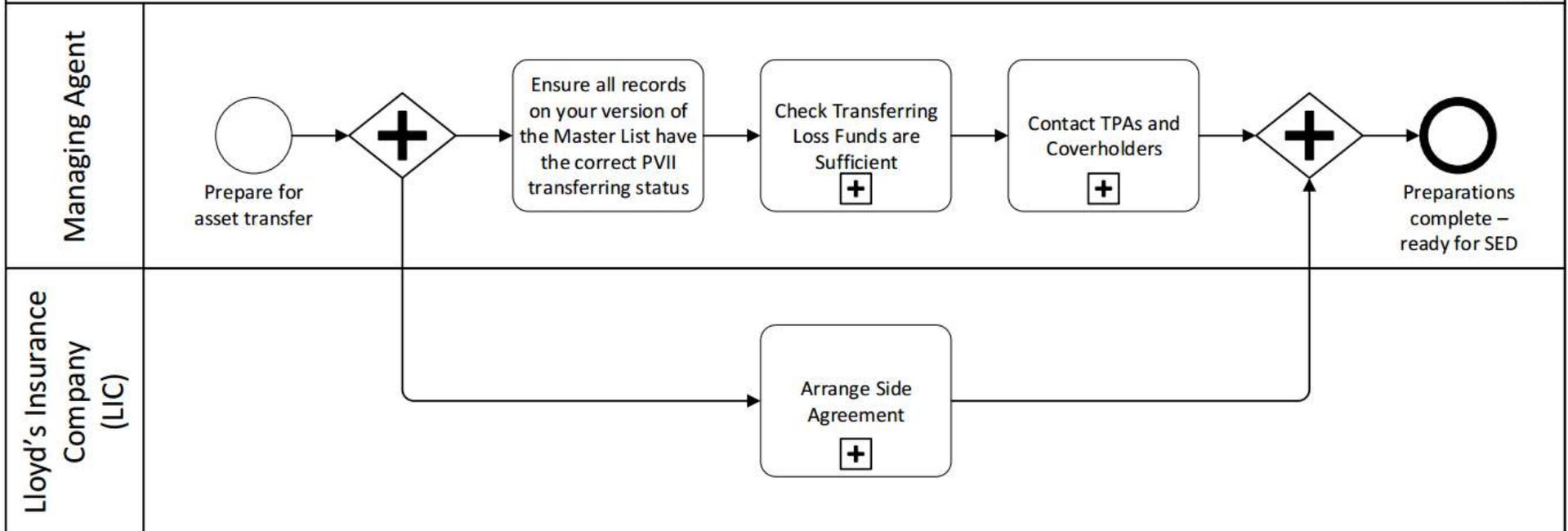
High Level Process



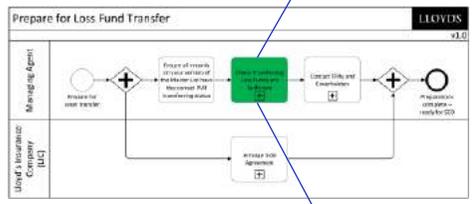
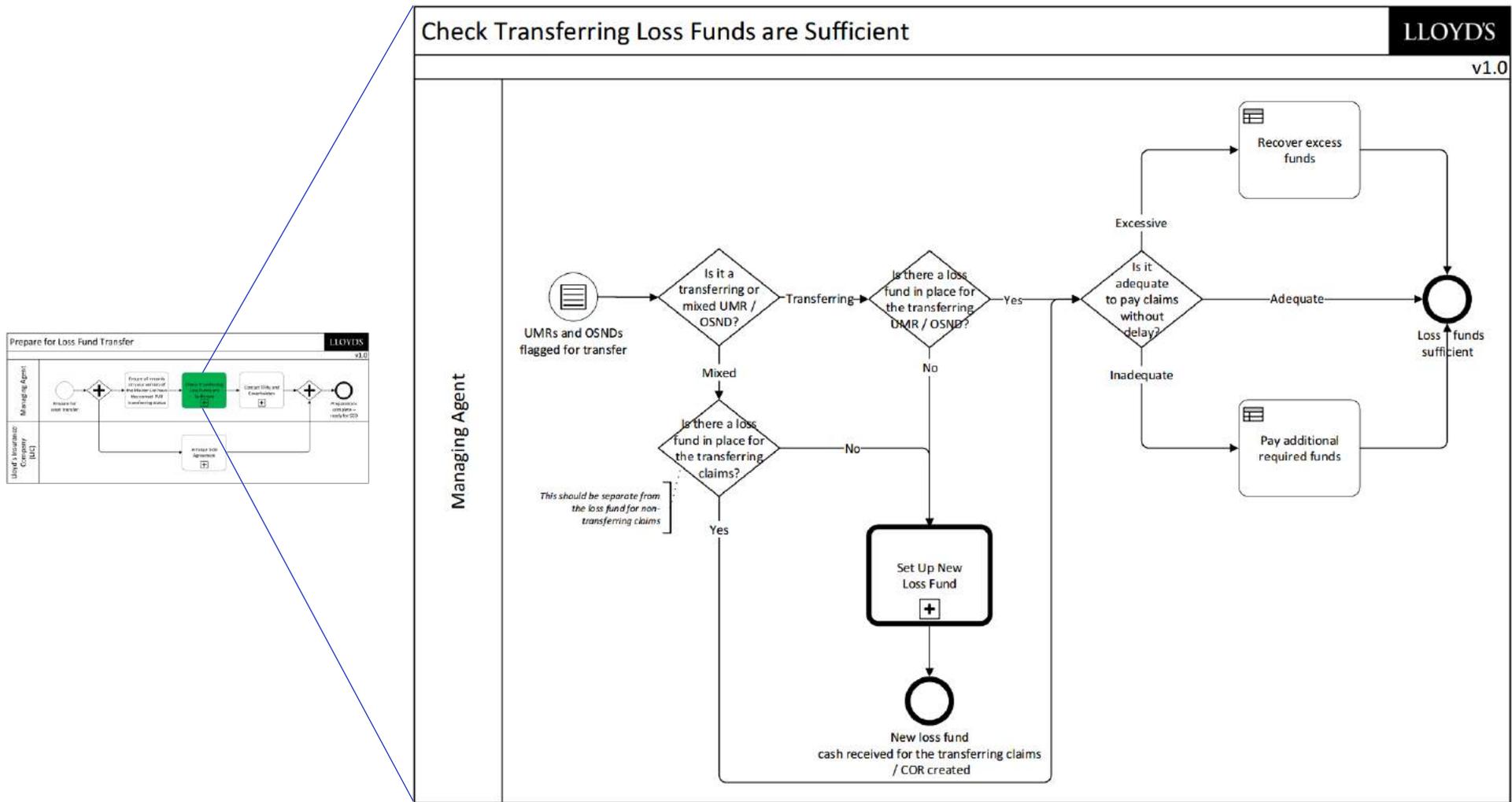
Prepare for Loss Fund Transfer



Prepare for Loss Fund Transfer

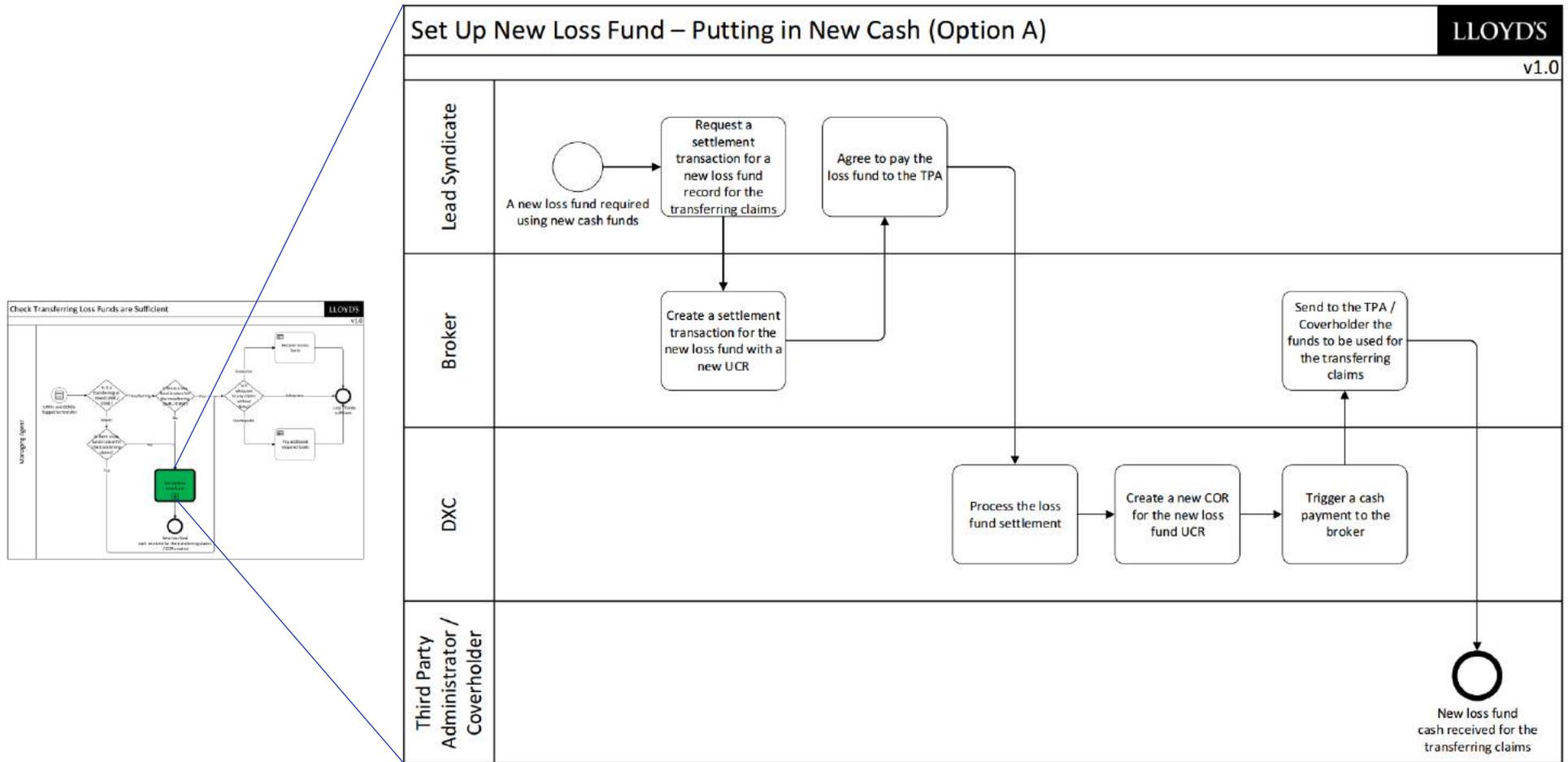


Check Transferring Loss Funds are Sufficient



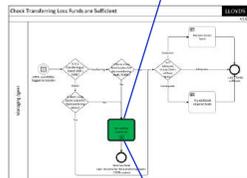
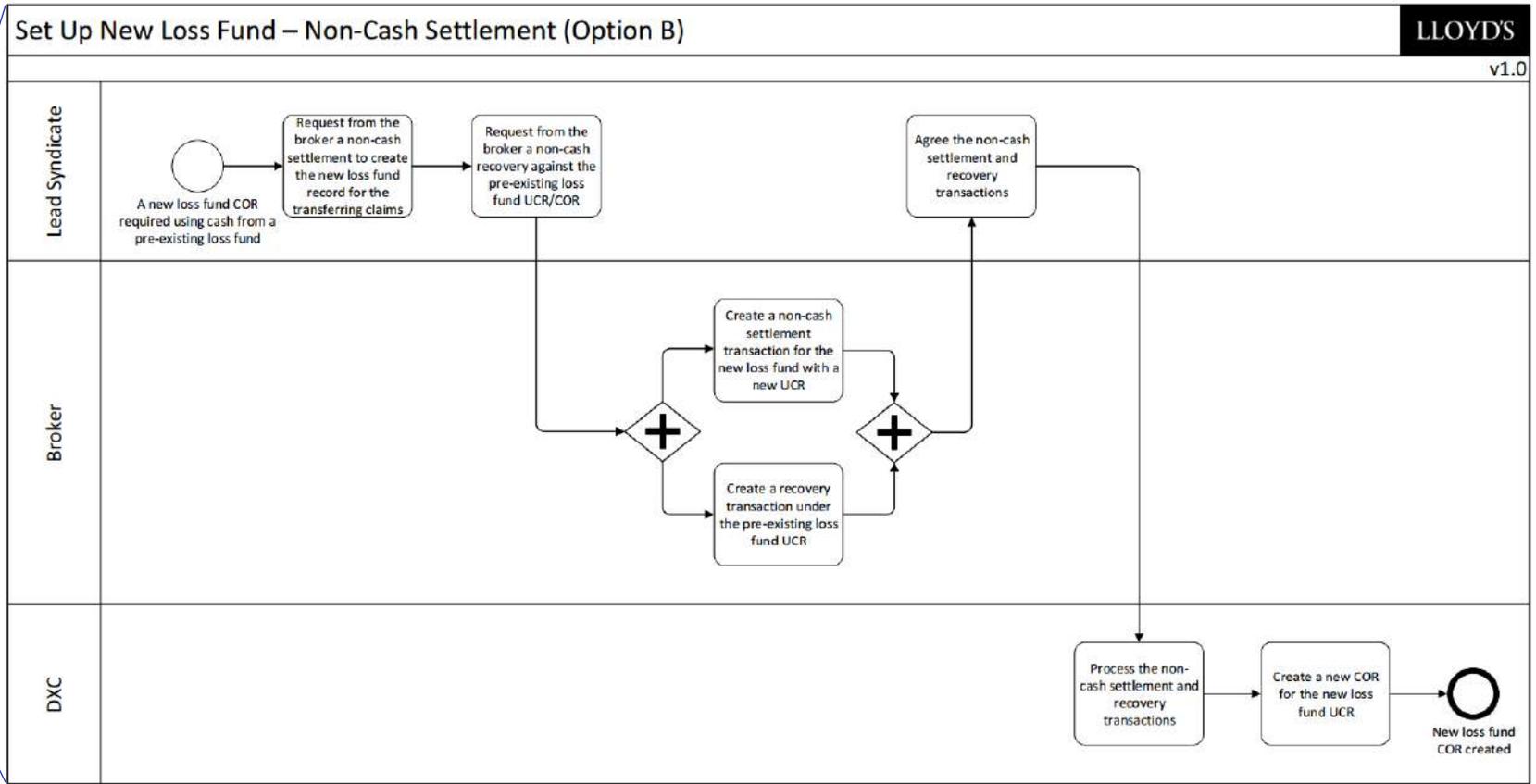
N.B. The business rule icon has been applied to tasks where Lloyd's rules and/or standard market practice already exist.

Set Up a New Loss Fund – (Option A)



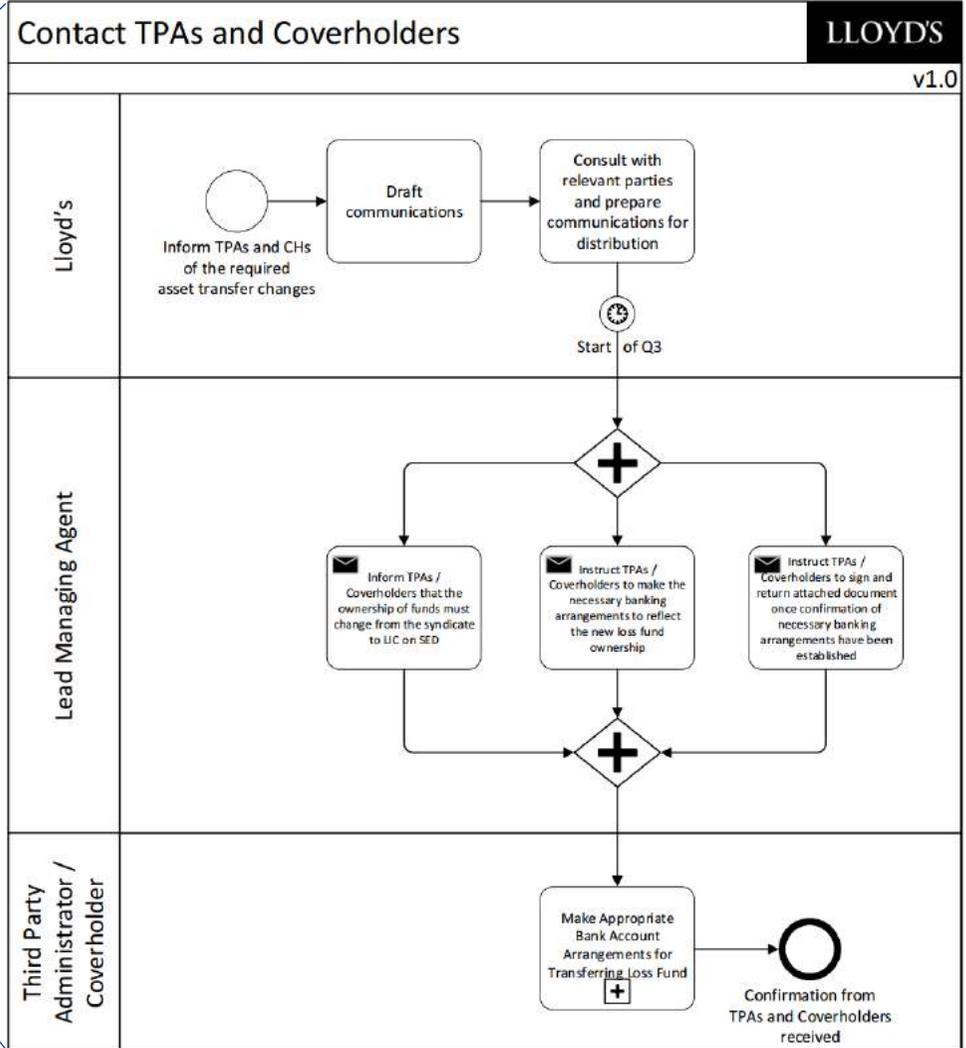
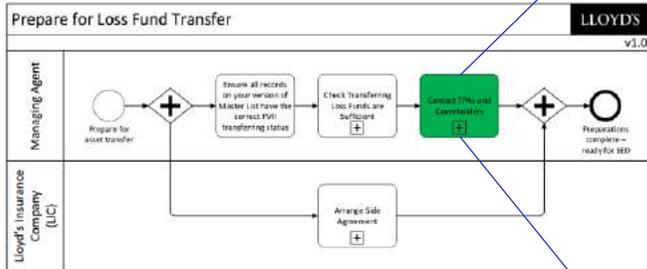
- For this specific option, the TPA/Coverholder requires additional cash funds.
- This example can be used in the following scenarios:
 - A loss fund is required for a mixed binder and one needs to be set up for the transferring element
 - No loss fund exists for a transferring binder and one needs to be set up
- If there is a loss fund in place for the transferring binder but it is insufficient, the amount should be increased in the usual way via a settlement transaction against the existing UCR/ COR.

Set Up a New Loss Fund – (Option B)



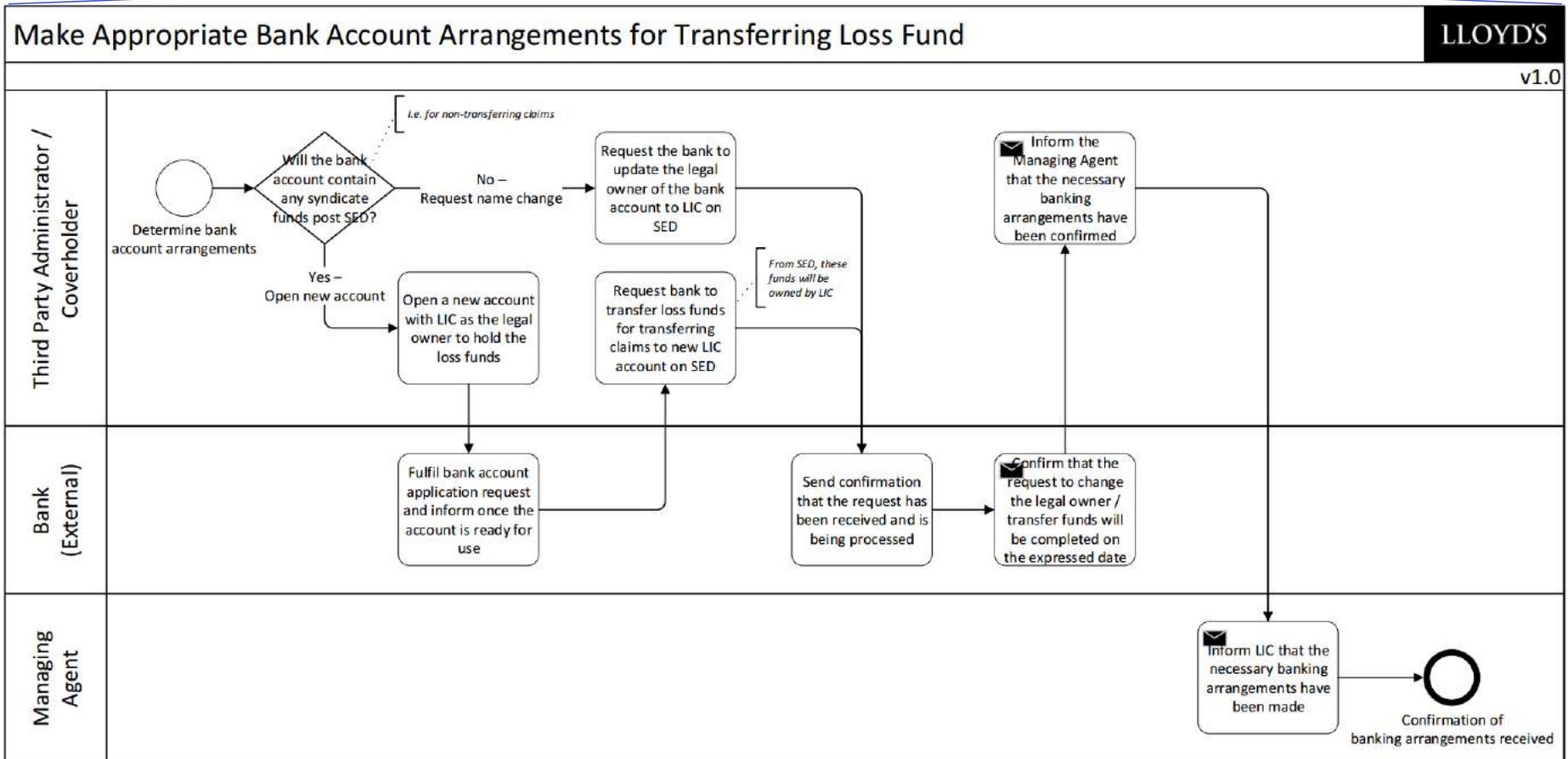
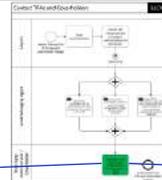
- For this specific option, no further cash needs to be provided to the TPA/Coverholder and will be primarily used in a scenario where there is a mixed binder.
- In this example, the syndicate will start off with one UCR / COR loss fund and will end up with two UCRs / COR loss funds.
- On SED, funds in the amount used to set up the new loss fund COR should be transferred by the TPA/Coverholder into an account in LIC's name.
- It may be appropriate to use both a cash and a non-cash process (Options A and B) to establish loss funds at the right level. For example, if an £100,000 loss fund had previously been paid for a mixed binder;
 - £50,000 is needed for the non-transferring claims and £30,000 is needed for the transferring claims
 - A non-cash recovery of £30,000 is made against the original UCR / COR and a £30,000 non-cash settlement is made on the new transferring UCR / COR
 - A cash recovery is transacted against the original UCR / COR of £20,000.

Contact DCAs and Coverholders

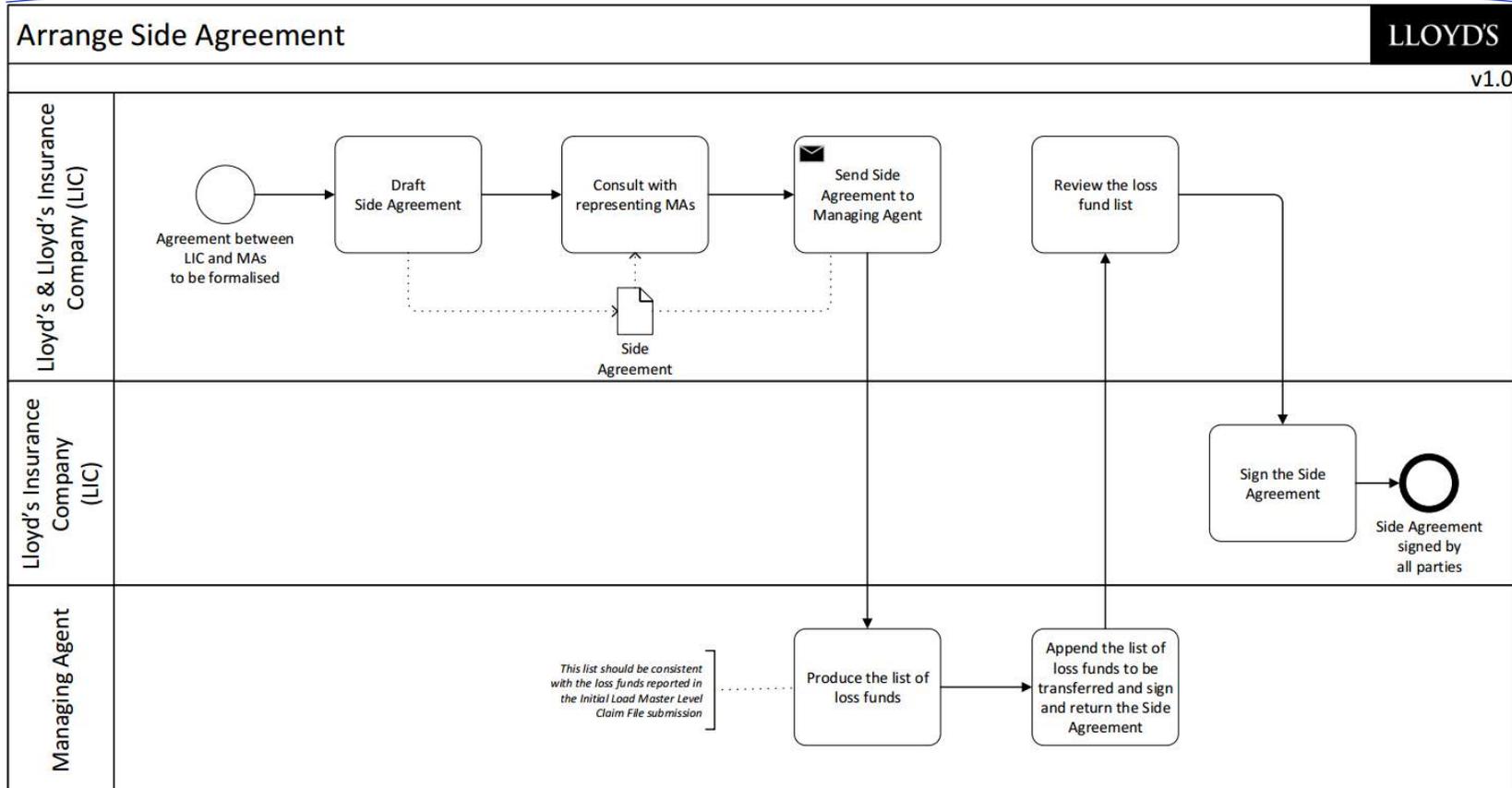
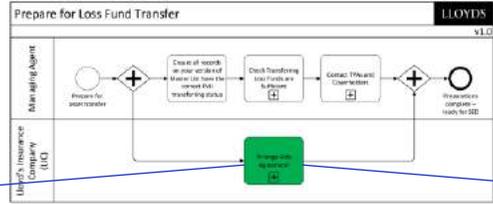


• The drafting of communications will involve input from the Legal team, Part VII ATR working group, and a small group of Managing Agents.

Make Appropriate Bank Account Arrangements for Transferring Loss Fund

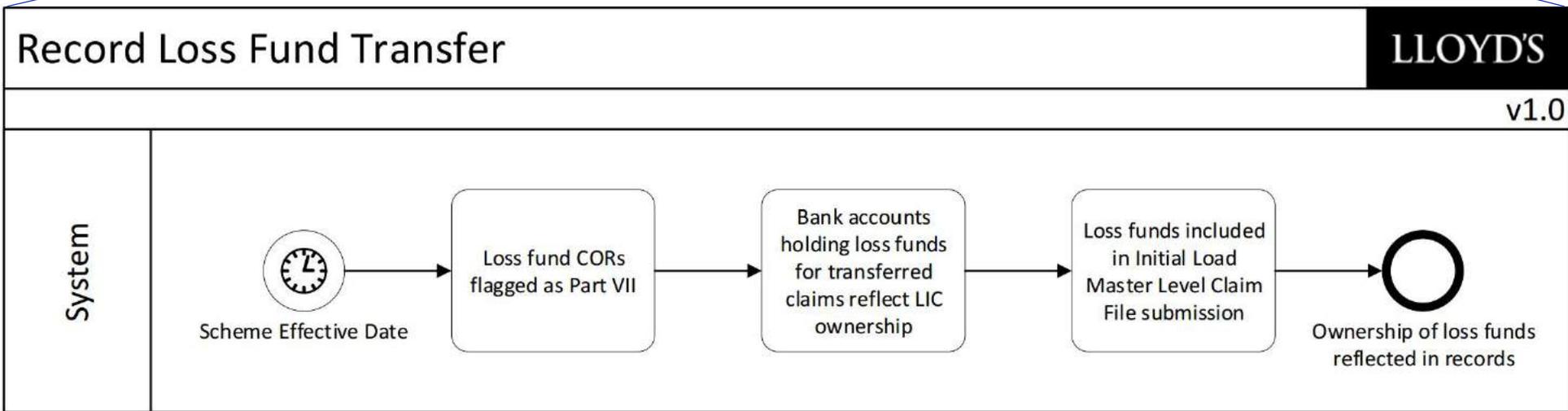
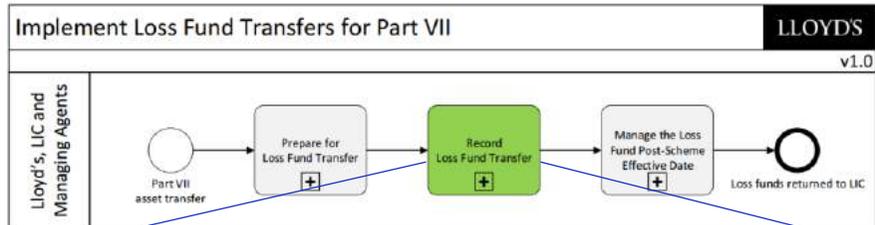


Arrange Side Agreement



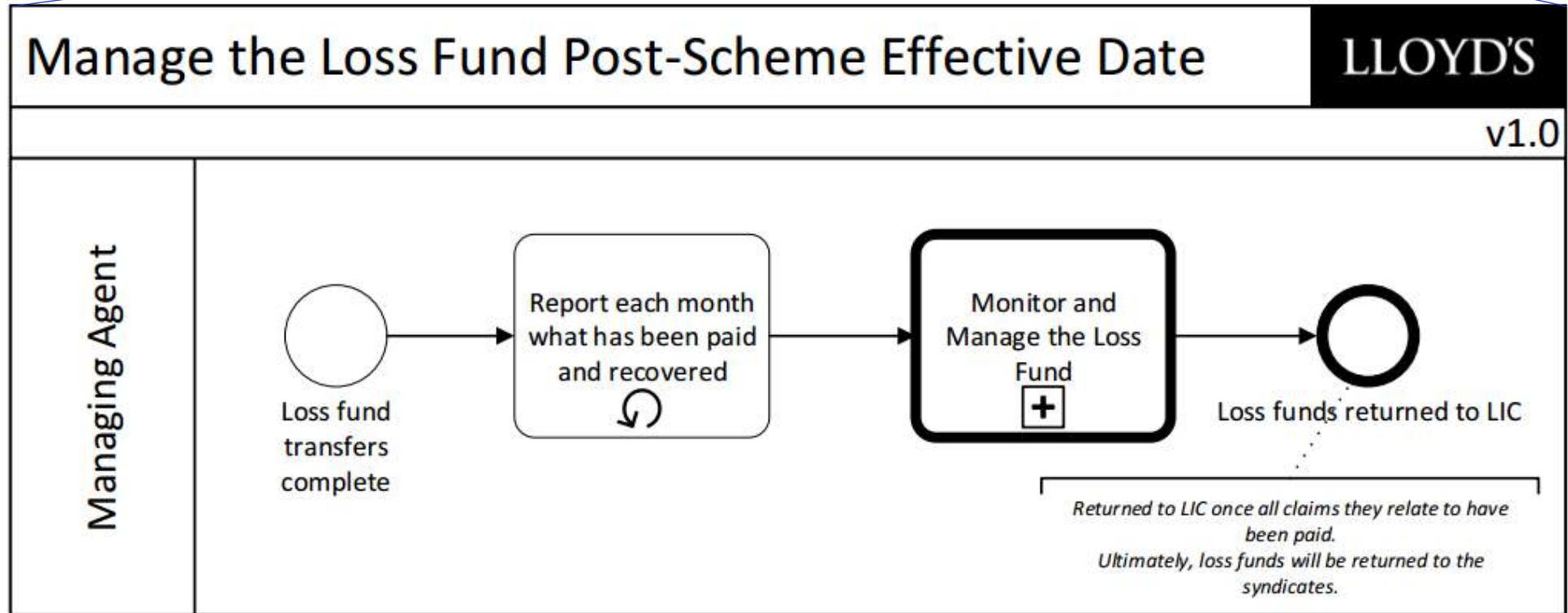
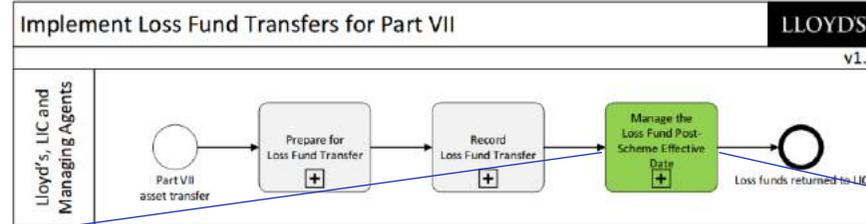
Record Loss Fund Transfer

Collapsed Process



Manage the Loss Fund Post-Scheme Effective Date

Collapsed Process



Glossary of Terms

Part VII Programme - Glossary

Acronym	Description
APIX	Advanced Premium Input at Xchanging
BAU	Business as Usual
CH	Coverholder
COR	Claims Office Reference
DA	Delegated Authority
DCA	Delegated Claims Authority
DC/DQ	Data Consumption and Data Quality
EEA	European Economic Area
ECF	Electronic Claim Files
EU	European Union
FAQ	Frequently Asked Questions
FIL	Foreign Insurance Legislation code
GL	General Ledger
LB / LIC	Lloyd's Europe/Lloyd's Insurance Company S.A.
LBRRAD	Lloyd's Brussels Regulatory Reporting and Actuarial Datamart
LDR	Lloyd's Direct Reporting

Acronym	Description
LIDS	Lloyd's Insurance Data Systems
LORS	Lloyd's Outwards Reinsurance System
MA	Managing Agent
PAS	Policy Administration System
RI	Reinsurance
RLT	Risk Locator Tool
SCM	Syndicate Claim Message
SED	Scheme Effective Date
STFO	Lloyd's Settlement and Trust Fund Office
UCR	Unique Claims Reference
UMR	Unique Market Reference
UK	United Kingdom
USM	Underwriters Signing Message
VAT	Value Added Tax
XIS	Xchanging Insurance Services

Part VII Programme – Data Glossary

Acronym	Description
IQN data	All live and expired policies and open claims since 1993 Provided by MAs in July 2019, with a refresh planned in 2020 (TBC)
Notifications Control List (NCL)	MA data, as provided to IQN, to be used to determine which policyholders will need to be notified of the transfer, including: Policyholders of expired policies subject to Line of Business specific look-back periods; policyholders with open claims and policyholders with policies active at scheme effective date Finalised in March 2020
Part VII Master List (ML)	The ML will be created from the final version of the IQN dataset once Part VII transfer Segmentation Logic has been applied and agreed by the respective Syndicates The agreement of the segmentation will take place from March onwards
Operational data submission - Initial load	Includes all live policies and open claims Submitted via the DC/DQ portal from June (dry runs) with at-transfer date position submitted in early November
Operational data submission - Monthly update files	Transactions / movements on transferring policies and open claims / new claims related to transferring policies and newly identified transferring policies Submitted on a monthly basis post transfer

MDD Slide number mapping v7.1 v v8.0

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